

Review Paper

Analysis and Justification of the Choice of a Simplified Taxation System for Sustainable Development of Small and Medium-Sized Businesses

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ABSTRACT

Sustainable business development involves, among other things, the choice of the optimal taxation system. The study provides specific practical recommendations for choosing a simplified taxation system. The authors compared two taxation systems in Ukraine in an accessible visual form: common and simplified, highlighted the advantages of the simplified one and developed practical recommendations for choosing a taxation system. In particular, the authors developed an Algorithm for justifying the transition to a simplified taxation system and also presented and described in detail the Sequence of actions during the transition to a simplified taxation system. A feature of the study is the lack of an expanded theoretical base in favour of methodological justification, namely the use of official documents: the Tax Code of Ukraine and other legislative acts relating directly or indirectly to the taxation of a private entrepreneur. Thus, the proposed recommendations can help the entrepreneur choose a simplified taxation system, which will significantly speed up the process of interaction with the client and reduce the subjective factor.

HIGHLIGHTS

- Innovations in the simplified taxation system have changed the essence of the single tax, as it is no longer “single” for entrepreneurs with conditionally identical criteria;
- The comparative analysis proved that there are both positive and negative innovations in both taxation systems. But one way or another, all the innovations of the general or simplified taxation system in Ukraine affect the development of business entities, so it is necessary to know them and follow the progress of their updates in order to optimize the tax burden.

Keywords: Personal income tax (PIT), private entrepreneur (PE), single social payment (SSP), simplified taxation system, sustainable development

Small and medium-sized businesses are committed to sustainable development: the vast majority of private entrepreneurs see the benefits of sustainable development and consider them in their business processes (Shpak *et al.* 2020; Bashynska *et al.* 2022). State support is of great importance in such

processes. One of the instruments of the state policy

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of stimulating the activity of small enterprises is the possibility for small business entities to choose a common or simplified system of taxation. Alternative tax systems make it possible to optimize tax payments, which in current business conditions is one of the ways to minimize the costs of the enterprise, which in general affects the results of financial and economic activities of small businesses (Golovchenko *et al.* 2022; Pravdiuk, 2022). Thus, the problem of choosing the optimal tax system is an essential point for companies and requires the development of both well-considered but straightforward and sound approaches.

The relevance of the chosen topic is that the correctly chosen system of enterprise taxation largely determines the result of its business activities.

MATERIALS AND METHODS

Methods

The purpose of this study is to develop specific practical recommendations to justify the choice of a simplified taxation system, as well as the necessary steps for the transition if this system is chosen to ensure sustainable business development. Therefore, the authors used only official documents: the Tax Code of Ukraine and other legislative acts relating directly or indirectly to the taxation of PE.

As a methodological base, a systematic approach to the study of economic processes and phenomena has been implemented. Authors used general scientific and unique methods to solve the set tasks: *structural-logical analysis* – to build the structure and generalize the theoretical and practical provisions of the study; *scientific abstraction, systematization, generalization, concretization and comparative analysis* – to compare the two tax systems; *comparative law* – to assess the regulatory framework for taxation; *methodical methods of tabular and graphical presentation of research results, grouping* – for clarity of results' presentation; *theoretical generalization, logical* – to build a structure, describe the results of research and conclude.

The information base of the study consisted of current legislation, regulatory support of personal income tax, data from the State Statistics Service of Ukraine, the Ministry of Finance, the Ministry of Economic Development, Trade and Agriculture of Ukraine, open, analytical materials of other

public, private and public, foreign institutions and organizations, data and reports results of own research.

Materials

To focus on practical recommendations, by analyzing the relevant legislative documents and the current practices of Ukrainian taxation, we will briefly present the theoretical and methodological basis. To visualize the difference between the two analyzed tax systems, the authors offer a comparison of the general provisions of the common and simplified taxation systems (Table 1) and a comparison of personal income tax (PIT), single tax (ST) and reporting (Table 2).

In general, the above features, advantages and disadvantages of common and simplified taxation systems for legal and natural persons-entrepreneurs certainly help decide on the choice of taxation system when creating a business entity or deciding to revise it. Still, in each case, from the features and objectives of the activity, there are a lot of nuances and moments.

RESULTS AND DISCUSSION

Rationale for the transition to a simplified taxation system

Today, along with the general widespread simplified taxation system. Therefore, it is not surprising that at the end of the year, some businesses, after assessing their annual performance, may consider choosing a different order of taxation of activities, such as the transition from a common tax system to a simplified one.

The simplified taxation system introduced to support small businesses is known to have its advantages (Le *et al.* 2020; Rudyk 2020; Shpak *et al.* 2021). Therefore, taxpayers who have retained a small number of employees and revenues (or in which, say, these indicators have decreased) are among the small businesses may prefer an alternative method of taxation while switching from the common taxation system to the simplified one. The main thing for such a transition is that the company complies with the uniform tax conditions provided by the Tax Code (in terms of revenue, number, types of activities carried out, etc.).

Table 1: Comparison of general provisions of the common and simplified taxation systems

Common system of taxation	Simplified tax system
What activities are allowed to the entrepreneur?	
There are no restrictions.	Restrictions are established by Art. 291.5 of the Tax Code of Ukraine
What is the maximum amount of income allowed to the entrepreneur?	
There are no restrictions.	In a year: for group 1– 167 minimum wages – UAH 1'085'500; for group 2– 834 minimum wages – 5'421'000 UAH; for group 3– 1167 minimum wages – 7'585'500 UAH.
Does an entrepreneur need to register a Registrar of settlement operations (RSO/PPO)?	
Be sure to register for cash payments.	From January 1, 2022, all private entrepreneurs, except for the units of the first group, must use the RSO if they receive payments in cash or by payment card.
Is it obligatory for an entrepreneur to register VAT?	
Necessarily at excess of 1 million UAH for the last 12 months.	Voluntarily - at will. For groups 1 and 2, registration as a VAT payer is not provided.
Form of settlements with suppliers and buyers.	
Money, non-money	Cash only (cash and non-cash)
Presence of resident status.	
There are no restrictions on resident status	Non-residents cannot be single taxpayers
Restrictions on changing the tax system	
There are no restrictions	If there is a tax debt to the budget, the transition to a single tax is prohibited.
Does the entrepreneur need primary documents?	
Availability required	Availability required
What primary documents can confirm the costs of the entrepreneur?	
Act of rendered services, an act of performed works, income or expenditure invoice, tax invoice, sales receipt	Act of rendered services, an act of performed works, income or expenditure invoice, tax invoice, check, commodity check
What are the conditions under which a single tax entrepreneur is obliged to move to a common taxation system?	
–	The entrepreneur loses the status of a single taxpayer under one of the following conditions: in case of exceeding the maximum amount of income during the calendar year; exceeding the maximum number of employees; the presence of tax debt for more than two consecutive quarters; carrying out activities by units of groups 1 and 2, not specified in the certificate of the single taxpayer; availability of settlements in non-monetary form; carrying out activities that do not give the right to apply the simplified taxation system; provision of units of 2 groups of services to enterprises on the common system; in case the taxpayer acquires the status of a resident of Diia City – from the first day of the month following the tax (reporting) quarter in which the taxpayer received the status of a resident of Diia City (Verkhovna Rada of Ukraine, 2021).

Source: Author's development according to the Tax Code of Ukraine.

Table 2: Comparison of personal income tax, single tax and reporting systems

Common system of taxation	Simplified tax system
What are the basic taxes an entrepreneur pays?	
1. PIT (personal income tax); 2. SSP (single social payment)	1. ST (single tax); 2. SSP (single social payment)
What are the basic rates of basic taxes for entrepreneurs?	
PIT 18% of income for the reporting month; Military fee – 1.5%	Group 1 – within 10% of the subsistence level of UAH 248.10. in 2022); Group 2 – within 20% of the minimum wage (UAH 1, 300 in 2022); Group 3 – 3% of income from VAT; * 5% of income in the inclusion of VAT in the single tax. The interest for groups 1 and 2 is calculated from the minimum wage on the 1st day of the reporting year. The interest for group 3 is calculated from taxable income; Group 4 - normative monetary valuation of one hectare of agricultural land (arable land, hayfields, pastures and perennials), taking into account the indexation coefficient determined as of January 1 of the base tax (reporting) year by Section XII TCU. <i>From April 1, 2022, sole proprietors and legal entities whose income does not exceed UAH 10 billion during the last calendar year may switch to the payment of the single tax of group III at the rate of 2%</i>
How much taxes in 2022 (after martial law) will pay an entrepreneur from 12,000 UAH income in the presence of UAH 9,000 costs? Both amounts include VAT. (Income without VAT UAH 10,000, expenditure without VAT UAH 7,500). Example of calculation.	
Entrepreneur on the common system is not a VAT payer PIT (10000-7500) * 18% = 450 UAH. In addition to PIT, SDRs are calculated as 22% of income (more detailed rates below)	1 gr. – up to UAH 650/month ; 2 gr. – up to UAH 1,300/month; 3 gr. NOT VAT payer – 12000 * 5% = 600 UAH. 3 gr. VAT payer – 10000 * 3% = UAH 300, VAT = (12000-9000) / 6 = UAH 500. Totally UAH 800. In addition to the SP, the SSC is calculated to be 22% of the MW (more detailed rates below).
What costs can be included in tax reduction costs?	
Expenses must be documented, related to income, included in operating expenses by Section III of the TCU, Art. 138 TCU; from 2017 – depreciation deductions.	When calculating the ST, the amount of costs does not matter
What is the SSC rate that an entrepreneur pays for himself?	
22% of the minimum wage): ♦ from January to September 2022 – UAH 1,430 per month. ♦ from October 2022 – UAH 1474 per month. From 2021, sole proprietors were exempted from contributing for months without profit or when they worked in the red.	♦ from January to September 2022 – UAH 1,430 per month. ♦ from October 2022 – UAH 1474 per month. An entrepreneur for whom the employer pays SSC may not pay it for himself.
What are the terms of payment of SSP?	
Last day for payment of SDRs in 2022: ♦ for the IV quarter of 2021 – January 19, 2022; ♦ for the first quarter – April 19; ♦ for the second quarter - July 19; ♦ for the III quarter – October 19; ♦ for the IV quarter of 2022 – January 19, 2023.	Until the 20 th for the previous quarter

Is it necessary to pay SSP for the month the entrepreneur has no activity?	
From 2021, sole proprietors were exempted from contributing for months without profit or when they worked in the red.	SSP is paid regardless of the activity
What are the main reports submitted by an entrepreneur without employees?	
The Declaration of Property and Income (Declaration on PIT) and the Report on SSC are submitted once a year. Quarterly Report 1DF, subject to the purchase of goods or services from entrepreneurs or individuals, payment of financial assistance, etc.	The declaration of the single taxpayer is provided by entrepreneurs of the 1st and 2 nd groups - once a year by the 3 rd group quarterly. The SRS report is provided once a year. Quarterly 1DF Report, subject to the purchase of goods or services from entrepreneurs or individuals, payment of financial assistance, etc.

Source: Author's development according to the Tax Code of Ukraine.

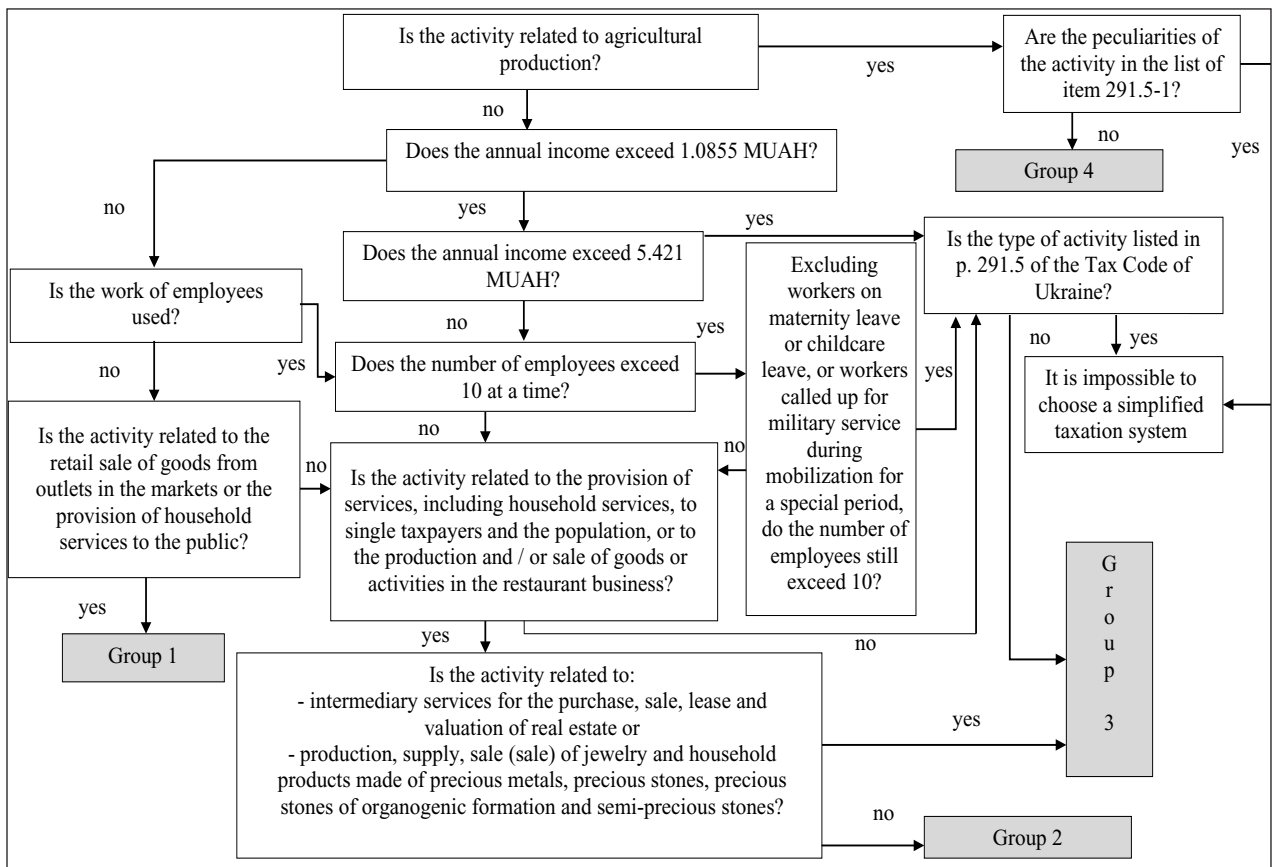


Fig. 1: Algorithm for substantiating the transition to a simplified taxation system (Source: Developed by the authors)

To justify the transition to a simplified taxation system, we propose an algorithm (Fig. 1), which clearly represents the requirements of the Tax Code and helps select a group of single taxpayers.

In addition to the above requirements, consider situations that will prevent the transition to a simplified system of taxation:

1. branches of an enterprise (without the status of a legal entity) cannot switch to

a single tax separately from a legal entity, as the payer of the single tax is a business entity – a legal entity(Tax Code). If the small business entity moves to a simplified system of taxation together with the branches, the statement also provides information about the branches;

2. the transition to a single tax is possible subject to payment of all established taxes

and mandatory payments for the previous reporting (tax) period, the payment deadline of which came on the date of application. But:

- (a) the taxpayer's arrears of insurance contributions to the Pension Fund (as contributions that are not included in the taxation system and therefore not subject to tax legislation) is not grounds for a refusal to register a small business entity as a single taxpayer (Tax Code; Verkhovna Rada of Ukraine 2007);
- (b) arrears of fines for violation of the legislation on RSO (as not falling into the category of tax arrears) also can not be grounds for a refusal to issue a Certificate to a single taxpayer.
- (c) unpaid foreign trade penalty may interfere transition to a single tax. Timely unpaid penalty for non-compliance with the terms of receipt of foreign exchange earnings is converted into tax debt, which closes the way for the business entity (legal entity or individual entrepreneur) to a simplified taxation system.

One of the many conditions for the transition to a simplified system of taxation (1 - 3 groups of single taxpayers) is the absence of legal entities or natural persons-entrepreneurs tax debt on the day of filing a tax return in the form approved by the Ministry of Finance of Ukraine from 20.12.11 № 1675 (paragraph 291.5.8 of the Tax Code of Ukraine (TCU)).

Tax debt in paragraphs. 14.1.175 TCU consider the amount of the agreed monetary obligation not paid by the taxpayer within the period specified in the TCU and outstanding interest accrued in a specific TCU order.

Of course, the penalty for violation of the terms of receiving foreign exchange earnings from exports of goods (services), charged by the tax authorities under the Law of Ukraine "On currency and currency transactions", has nothing to do with the penalty, which is charged in the manner prescribed by Art. 129 TCU. Moreover, this penalty is an administrative and economic sanction, and it has nothing to do with taxes and fees. Meanwhile, if the liability under Law is an unpaid taxpayer by paragraph 57.3 TCU within ten calendar days following the date of receipt of the tax notice-

decision on its accrual, the amount in the absence of an administrative or judicial appeal of such penalty will inevitably become his tax debt.

The monetary obligation of the taxpayer in paragraphs. 14.1.39 TCU consider including sanctions for violations of legislation in foreign economic activity. These include the tax authorities' penalty, guided by the Law and par. 54.3.3 TCU is charged to the subjects of foreign economic activity for violation of the terms of settlements in foreign currency.

Thus, this penalty is a monetary obligation of the taxpayer. For this reason, its repayment by legal entities and natural persons-entrepreneurs is carried out in the manner and terms provided by the TCU.

Suppose the company did not appeal the administrative or judicial decision of the tax authorities to impose a penalty for violation of the terms of settlements in foreign currency, based on paragraph 57.3 of the TCU. In that case, the latter amount should be paid within ten calendar days following the day the corresponding tax notice decision was received from the tax authorities. For example, in the situation with the tax accrued by the tax, the company had to pay no later than March 6, 2022. On March 7, 2022, the unpaid amount was already a tax debt, the existence of which as of March 9 made it impossible to transfer the third group of single taxpayers from April 1, 2022.

Thus, the penalty not paid by the payer in time, despite its deceptive administrative and economic status, may well be an obstacle to the transition of the business entity to pay a single tax.

3. non-resident status (item 291.5.7 of the TCU);

4. transition to a single tax more than once during a calendar year. An entity that is a payer of other taxes and fees may make the transition to the simplified taxation system (unsuccessful attempts to apply for the application of the simplified taxation system) only once a calendar year. It follows from this rule: first, to return from the simplified system of taxation to the general one during the same year is not prohibited, and secondly, to change the group of single taxpayers or the rate (in case of VAT waiver), that is, to change the tax regime within the simplified taxation system during the same calendar year is also not prohibited.

Leasing activities:

- (a) land plots with a total area exceeding 0.2 ha;
- (b) residential premises with a total area of more than 400 m²;
- (c) non-residential premises (buildings, structures) and/or their parts, the total area of which exceeds 900 m².

Such activity is registered in class 68.20, "Leasing and operation of own or leased real estate Classification of economic activities (NACE) DK 009:2010"(KVED2010). Tax authorities can now find out from the entrepreneur the conclusion of lease agreements for premises or land. They will check such contracts, even if the extract from the state register does not contain the mentioned class of NACE DK 009:2010. However, keep in mind that leases can be entered into both on behalf of an individual entrepreneur and behalf of an ordinary individual.

Choosing the optimal tax system is an essential point for businesses. Still, it is equally important to comply with the transition requirements and proper accounting and reporting on a simplified tax system.

The sequence of actions in the transition to a simplified system of taxation

Schematically represent the entrepreneur's transition to a simplified taxation system (Fig. 2).

Step 1 – Choose a group and tax rates. This step is one of the main ones because a lot depends on the right choice of group. This includes:

- ♦ the opportunity to get to the simplified taxation system (if the company chooses the wrong group, it will not be transferred);
- ♦ the economic efficiency of activity (in group 1 the lowest amount of tax, and in group 3 - it depends on the income received);
- ♦ the opportunity to work with counterparties (many VAT payers cooperate with single taxpayers, who are also VAT payers), etc.

Therefore, future single taxpayers must first choose the right group to work on a simplified system.

Therefore, at the stage of group selection, it is essential to define the following criteria:

- (a) the types of activities that you will carry out as single taxpayers;

- (b) if you choose group 1, do you need to hire employees? If so, group 1 is not suitable. You should select group 2, and if you need more than ten employees, choose group 3;
- (c) all those who cannot work in group 1 or 2 can choose group 3. For group 3, it is necessary to select the single tax (ST) rate. At the same time, jewellers do not have this choice - for their group 3 with VAT-free rate of 4%;
- (d) agricultural producers in which the share of agricultural production for the previous tax (reporting) year is equal to or exceeds 75 per cent choose the percentage of the tax base (0.19; 0.57; 0.95; 0.57; 2.43; 6.33) (Tax Code).

The single tax paid depends on which group the entity chooses.

In addition to the group's election, it is required that the requirements set out in paragraph 291.4 of the TCU (paragraph 298.1.4 of the TCU) be met during the previous calendar year. In our opinion, in the prior year, it is necessary to control not all three conditions (income, number of employees and activities), but only the amount of income. Therefore, it is essential for an entrepreneur not to exceed the maximum income allowed for the group to which the single taxpayer is transferred. To switch, you need to fill in the Income Calculation (see steps 2 and 3), and there, the entrepreneur must indicate the amount of such income. Data on activities are indicated for the future period (for work in the status of a single taxpayer – field 10 of the single tax Application). As for the number of employees, their number should be tracked on the transition date to the simplified system - there should not be more than allowed for group 1 or 2 (to which he moves).

Step 2– fill in the necessary documents. At this stage, the entrepreneur needs to prepare several documents.

All entrepreneurs who switch from the common system of taxation to the simplified one, fill in 2 mandatory documents (paragraph 298.1.4 TCU):

- (a) Application for the application of the simplified taxation system;
- (b) Calculation of income for the previous calendar year preceding the year of transition to the simplified taxation system.

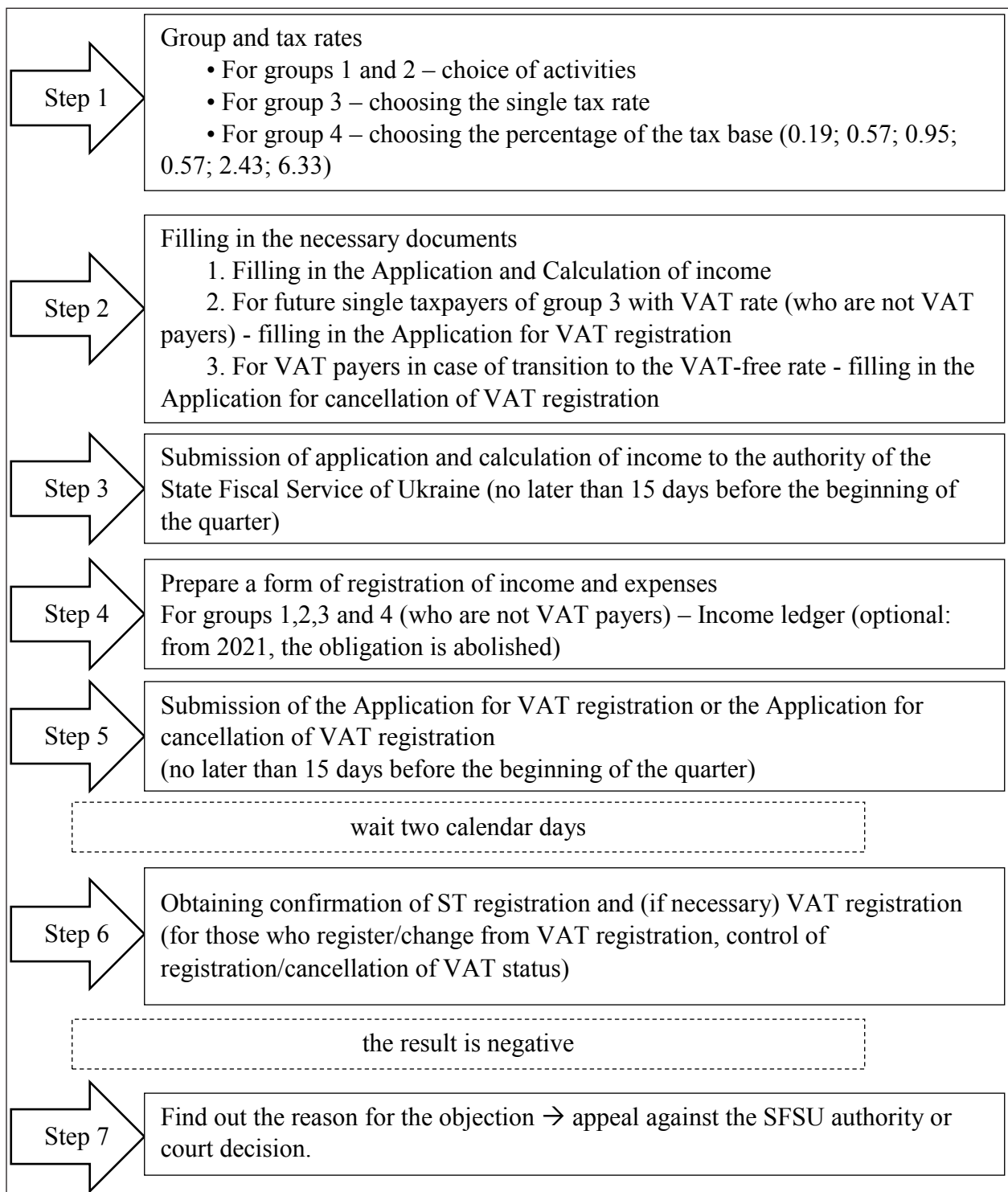


Fig. 2: The sequence of actions in the transition to a simplified system of taxation (*Source:* developed by the authors)

In this case, the calculation of income is not submitted during the transition to a simplified system at the time of state registration as an entrepreneur. Also, in our opinion, it is not necessary to fill in and submit the Calculation if the entrepreneur switches to the simplified system during the year in which he

registered as an entrepreneur because the Income Calculation includes data for the previous calendar year.

It should be noted that future single taxpayers of group 3 will not be able to become VAT payers and choose the single tax rate of 2% VAT when

registering as individual entrepreneurs. This is due to inconsistencies in legislation. Thus, the provisions of par. 183.7 of the TCU stipulates that a registration application for voluntary registration by a taxpayer may be submitted to the state registrar as an appendix to the registration card submitted for state registration of a legal entity or individual entrepreneur. Similar rules are provided in Part 1 of Art. 42 of the Law of Ukraine "On State Registration of Legal Entities, Individual Entrepreneurs and Public Associations".

However, they do not apply to single taxpayers, which is why. According to the norms of Part 1 of Art. 42 of the Law "On State Registration of Legal Entities, Individual Entrepreneurs and Public Associations", a natural person who intends to become an entrepreneur and has a registration number of the taxpayer's account card or a person authorized by him must submit to the state registrar at the place of residence a completed registration card for state registration of a natural person - entrepreneur of the single tax can be submitted as an appendix application for the application of the simplified taxation system according to the approved form. This application indicates the selected rate of the single tax (5% or 3% with VAT). Therefore, it is assumed that a person becomes a single taxpayer at the specified rate immediately.

Meanwhile, according to paragraph 183.3 of the TCU, in the case of voluntary registration of a person as a payer, the registration application is submitted by paragraph 183.7 of the Tax Code of Ukraine no later than 20 calendar days before the tax period from which such persons will be considered VAT payers issuance of tax invoices. However, even if the application for registration as a VAT payer indicates the desired date of registration as a VAT payer within this period, the person will not be considered a VAT payer for a certain period.

Therefore, a person will theoretically apply a reduced rate of the single tax, which provides for VAT payment, but will not be a payer of this tax. To avoid abuse in practice in this regard the tax authorities forbade the entrepreneur to immediately register as a taxpayer at the rate of 3% VAT (consultation in category 107.05).

Therefore, an entrepreneur can register as a single taxpayer of the 3rd group at the rate of 5%, and from

the next quarter to move to the rate of 3% with VAT. This will require no later than 15 days before the beginning of the next quarter to apply the transition to a single tax at the rate of 3% (for the third group) and an application for registration as a value-added taxpayer (p. B) p.p. 4 § 293.8 TCU).

The form of the VAT return of the value-added taxpayer is currently approved by the Ministry of Finance of Ukraine (MFU) order of 14.11.2014 № 1130. Field 6 "Desirable date of registration (re-registration) by the value-added taxpayer/date of transition to the simplified taxation system and/or date of transition must be filled in on the application of the single tax rate, which provides for the payment of value-added tax/date of waiver of the simplified taxation system.

For VAT payers, in case of transition to the VAT-free rate of the single tax, you need to fill out and submit an application for cancellation of registration of a value-added taxpayer.

In field 3 "Reasons for cancellation of registration (the relevant items should be marked with a sign" C "or" + "by Article 184 of Section V of the Code)" should indicate "p.p. "in" paragraph 184.1 TCU "- any person registered as a VAT payer is registered as a single taxpayer, the condition of payment of which does not provide for the cost of VAT (these are groups 1, 2, 3 (at a rate of 5%)).

Suppose the entrepreneur does not apply the № 3-VAT form. In that case, the VAT registration will still be cancelled by the tax authorities themselves because he submitted the single tax Application for the VAT-free VAT rate.

The entrepreneur numbers and laces the book. In this case, the place of lacing is usually sealed with a paper square, which is inscribed on the number of numbered and laced sheets. The entrepreneur affixes this inscription with his signature and, if available, affixes an imprint of the seal.

Step 3– submission of the Application and Calculation of income to the SFSU authority.

Deadline for submission - no later than 15 calendar days before the beginning of the next calendar quarter (paragraph 298.1.4 TCU).

For newly created can be submitted together with the form for state registration to the state registrar. In this case (paragraph 294.4 of the TCU):

Table 3: Accounting for income and expenses of a private entrepreneur

Private entrepreneur	Form of accounting for income and expenses	From what date is valid
PE on the common system of taxation; Individuals engaged in independent professional activity.	The standard form is approved by order of the Ministry of Finance № 261 of May 13, 2021 (in paper form or Excel format)	From July 17, 2021
PE – payer of the single tax of the 1-2 group; PE – payer of the single tax of the 3 group who are not VAT payers	In any form, both in paper and in electronic form by the monthly reflection of the received incomes	From January 1, 2021
PE – payer of the single tax, who are VAT payers	In any form, both in paper and in electronic form, by monthly display of the received incomes and expenses	From January 1, 2021

Source: Author’s development according to Tax Code.

- ♦ become a single taxpayer of group 1 or 2 from the first day of the month following the month in which the person is registered as a single taxpayer;
- ♦ become a single taxpayer of group 3 from the first day of the month in which the state registration took place (if the ST Application is submitted within ten calendar days from the date of state registration).

The methods of submitting the ST Application are defined in p. 298.1.1 TCU:

- (a) personally by the entrepreneur or a person authorized to do so;
- (b) is sent by mail with a notice of delivery and a description of the attachment;
- (c) using electronic communication in electronic form in compliance with the condition of registration of the electronic signature of the entrepreneur;
- (d) to the state registrar as an appendix to the registration card submitted for the state registration of the entrepreneur. At the same time, the state registrar shall submit to the State Fiscal Service of Ukraine (SFSU) authority an electronic copy of the application made by scanning, together with information on the state registration of such an entrepreneur.

Step 4 – Form of accounting. From 2021, sole proprietors of the 1st and 2nd and 3rd groups without VAT can decide whether to keep an income book or not. Also, the entrepreneur must be ready to provide the form of accounting and primary documents

confirming the accounting and origin of goods to the office of the supervisory authority during the inspection.

Suppose the sole proprietor keeps the Accounting Form in electronic format, then, at the request of officials of the supervisory authority. In that case, he must ensure that the electronic version is visualized in a form that allows it to be viewed and/or copied.

It is prohibited to sell goods that are not present at the points of sale of such goods (economic objects) (paragraph 9 of Section II of the Procedure):

- ♦ primary documents, records of which are entered in the Accounting Form;
- ♦ relevant entries in the Accounting Form on available primary documents;
- ♦ primary documents and records in the Accounting Form for such primary documents.

General recommendations for accounting for the income and expenses of a private entrepreneur are given in Table 3.

Step 5 – submission of the Application for VAT registration or the Application for cancellation of VAT registration. The deadline for submission is the same as for submitting the PE Application – no later than 15 calendar days before the beginning of the calendar quarter.

After two calendar days.

Step 6 – obtain confirmation of ST registration and (if necessary) VAT registration. Registration of an economic entity as a single taxpayer is carried out by making the appropriate entries in the Register of single taxpayers (paragraph 299.1 of the TCU).

Fiscals must register an entrepreneur as a single taxpayer within two working days from the date of receipt of the ST Application (paragraph 299.3 of the TCU). The register of single taxpayers is maintained by the SFSU (paragraph 299.2 of the TCU).

Therefore, this is where the entrepreneur can check enrollment in the ranks of ST payers. Here is information about:

- ♦ last name, first name and surname of the entrepreneur;
- ♦ date (period) of election or transition to simplification;
- ♦ single tax rate;
- ♦ selected group.

A single taxpayer in the SFSU can receive an extract from the register of single taxpayers free of charge. The term for providing the extract should not exceed one working day from the date of receipt of the request.

If the result is negative:

Step 7– find out the reason for the refusal → appeal against the decision in the SFSU or court.

If the fiscal authorities refuse to register the EP, they provide a written reasoned refusal by paragraph 299.5 of the TCU. Decisions made by the SFSU may be appealed in administrative or judicial proceedings per Art. 56 TCU:

- ♦ in the SFSU authority of the highest level within ten calendar days following the day of receipt of the appealed decision;
- ♦ in court within the procedure of appealing against decisions of supervisory bodies.

Thus, the proposed recommendations can help the entrepreneur to choose a simplified system of taxation, which will significantly speed up the process of interaction with the client, reduce the subjective factor and help ensure sustainable economic development and social stability.

CONCLUSION

The issue of paying taxes is one of the most critical issues in the economic life of a Ukrainian business entity. Paid taxes are a guarantee of sustainable development of the state, rational payment of taxes is a sustainable development of the private entrepreneur. First, the management of

the enterprise controls the correctness, completeness and timeliness of tax collection to avoid fines, penalties and other penalties. It only then determines the legal feasibility of reducing tax payments. Tax information, accounting and management provide the necessary information to make tax planning decisions, regardless of the enterprise's internal structure and management system. Therefore, the choice of taxation system directly imposes the tax burden on the taxpayer. The dynamics of tax changes, which are an integral part of the fiscal policy of Ukraine, force taxpayers to keep track of changes in tax legislation. In this context, it is noticeable that innovations in the simplified taxation system have changed the essence of the single tax, as it is no longer «single» for entrepreneurs with relatively the same criteria. Varying the size of rates in the common taxation system should optimize the tax strategy of the taxpayer, but this effect has not yet been achieved. Comparative analysis showed both positive and negative innovations in both tax systems. But one way or another, all the innovations of the common or simplified taxation system in Ukraine affect the development of economic entities, so they need to know and follow the progress of their updates to optimize the tax burden, including through tax advice.

The conducted research makes a basis for further improvement of the substantiation of the choice of the simplified taxation system, namely the development of examples of filling the essential documents.

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