

## FEATURES OF THE SIMPLIFIED TAX SYSTEM

*This article investigates the peculiarities of simplified taxation system used by small companies. Special attention is paid to the issues that emerged in taxation of Small companies through the changes in tax due to Tax code of Ukraine.*

*Key words: : small businesses, simplified tax system.*

**Relevance of the study.** *Since January 2012 issue of a simplified taxation system in Ukraine are regulated by chapter and «Simplified System of Taxation, Accounting and Reporting» section XIV «Special tax regimes» of the Tax Code of Ukraine № 2755-VI of 02.12.2010 year.*

**Analysis of recent research and publications..** *The study of issues related to the use of the simplified system of taxation, accounting and reporting, adding and paying small businesses single tax specialists devoted to the publication in newspapers «Accounting. Right. Taxes. Advice» and «All about accounting» .*

**Purpose of the article.** *to consider the characteristics of a simplified tax system in terms of the Tax Code of Ukraine, to consider possible violations of small businesses current legislation regarding the use of the simplified taxation system for which the State Tax Service imposed fines.*

**The main material.** *The simplified system of taxation, accounting and reporting - a special mechanism for collecting taxes and fees, establishing a replacement payment of certain taxes and fees on single tax, while conducting simplified accounting and reporting. A legal entity or individual entrepreneur can choose the simplified system of taxation, if such person meets and recorded a single tax payer in the manner prescribed by law.*

*Entities applying the simplified system of taxation, accounting and reporting, are divided into the following groups of single taxpayers:*

*- The first group - individual entrepreneurs who do not use hired persons engaged exclusively retail goods from trading on the market and / or conduct economic activity in the provision of public services to the population and the amount of income during the calendar year does not exceed UAH 150000;*

*- The second group - individuals, businesses, places of business to provide services, including residential, single tax payers and / or population, production and / or sale of goods, work in restaurants, provided that during the calendar year meet the following criteria set: do not use hired persons or persons who are with them in labor relations, while less than 10, the amount of income does not exceed one million UAH;*

*- The third group - individual entrepreneurs who during the calendar year corresponding set of criteria: do not use hired persons or persons who are with them in labor relations, while less than 20 people, the amount of income does not exceed 3000000 UAH;*

- The fourth group - legal entities - entities of any legal form that correspond to a calendar year set the following criteria: average number of employees not exceeding 50 persons, the amount of income does not exceed 5000000 UAH;

- The fifth group - individual entrepreneurs engaged in any activity that correspond to a calendar year set the following criteria: average number of employees not exceeding 20 persons, the amount of income does not exceed 20 million UAH;

- Sixth group - legal entities - entities of any legal form that correspond to a calendar year set the following criteria: average number of employees not exceeding 50 persons, the amount of income does not exceed 20 million UAH.

Do not be a single tax payers:

\* Entities (legal entities and individual entrepreneurs) that carry:

- Activities of gambling;

- Exchange of foreign currencies;

- Manufacture, export, import, sale of excisable goods (excluding retail sales of fuels and lubricants in containers up to 20 liters and of individuals associated with the retail sale of beer and table wines);

- Extraction, production, sales of precious metals and precious stones, including organogenesis;

- Production and realization of mineral resources;

- Activities of financial intermediation;

- Management of companies;

- Activities to provide mail service liaison;

- Activity of sale of art and antiques; organizing auctions (auctions) Works of art, collectors' items or antiques;

- Activities of organizations of touring events;

\* Individual entrepreneurs who carry out technical trials and research activities in the field of auditing;

\* Individual entrepreneurs who leases land with total area of more than 0.2 hectares of residential premises, total area of over 100 square meters, residential premises (buildings, buildings) and / or parts thereof, whose total area exceeds 300 square meters;

- Activities of organizations of touring events;

\* Individual entrepreneurs who carry out technical trials and research activities in the field of auditing;

\* Insurance (reinsurance) brokers, banks, credit unions, pawnshops, leasing companies, trust companies, insurance companies, savings institutions pension funds and companies, other financial institutions as defined by law, registrars of securities;

\* Entities whose authorized capital aggregate particles that are legal entities that do not pay a single tax, equals or exceeds 25 percent;

\* Representative offices, branches and other subdivisions of a legal entity that is not a single tax payer;

*\* Physical and legal entities - non-residents.*

*You must know that may not be single tax payer's entities that on the day of application for registration of single tax payer with tax debt but hopeless tax debt that arose as a result of force majored (force majored).*

*Single tax rate for each group of taxpayers are given in Table 1.*

*Table 1.  
Single tax rate for taxpayers, who, according to criteria, would be admitted to a simplified tax system*

<i>Groups</i>	<i>Number of employees</i>	<i>Revenue for the calendar year preceding the transition to a single tax</i>	<i>Activities</i>	<i>Single tax rate (% of minimum wage as of January 1 or% of income)</i>
<i>1 (individual persons - entrepreneurs)</i>	<i>No of employees</i>	<i>Do not exceed UAH 150000.</i>	<i>Retail on-dazh goods trading places on the market, providing personal service population</i>	<i>1% - 10% of the minimum wage</i>
<i>2 (individual entrepreneurs)</i>	<i>At the same time does not exceed 10</i>	<i>Not more than UAH 1000000.</i>	<i>Provision of services, including household, planning trykam single state taxes and / or population, production and / or sale of goods, restaurant management</i>	<i>2% - 20% of the minimum wage</i>
<i>3 (individual - entrepreneurs)</i>	<i>At the same time does not exceed 20 persons</i>	<i>Do not exceed UAH 3000000.</i>	<i>All activities (subject to the limitations p.291.5 PKU)</i>	<i>a). 3% of income in case of VAT b). 5% of income in the case of inclusion of VAT in the single tax</i>
<i>4 (legal entities)</i>	<i>The average number of employees not exceeding 50 persons</i>	<i>Do not exceed UAH 5000000.</i>	<i>All activities (subject to the limitations p.291.5 PKU)</i>	<i>a). 3% of income in case of VAT b). 5% of income in the case of inclusion of VAT in the single tax</i>
<i>5 (individual - entrepreneurs)</i>	<i>The average number of employees not exceeding 20 persons</i>	<i>Do not exceed UAH 20000000</i>	<i>All activities (subject to the limitations p.291.5 PKU)</i>	<i>a). 7% of income in case of VAT b). 10% of income in the case of inclusion of VAT in the single tax</i>
<i>6 (legal entities)</i>	<i>The average number of employees not exceeding 50 persons</i>	<i>Do not exceed UAH 20000000.</i>	<i>All activities (subject to the limitations p.291.5 PKU)</i>	<i>a). 7% of income in case of VAT b). 10% of income in the case of inclusion of VAT in the single tax</i>

Single tax rate set for single taxpayers first, second and third group of 15%:

- to the amount of the excess amount of income;
- to income derived from the conduct activities not specified in the certificate of single tax payer, attributed to the first or the second group;
- to income derived by the use of other payment method than cash;
- to income derived from the exercise of activities that do not entitle to apply the simplified taxation system.

For the same violation for single taxpayers fourth group unified tax rates are set at double the rate prescribed by law rates.

Single taxpayers exempt from the duty calculation, payment and tax filing of such taxes and fees:

- Corporate income tax;
- Tax on personal income in the revenue side (tax object) that the resulting business activity of an individual;
- Land tax, land tax, except for land that is not used by them for doing business;
- Fees for certain types of business;
- Gathering on the development of viticulture, horticulture and hop.

Special conditions relating to the calculation and payment of VAT.

Requirements for tax accounting and reporting single tax payers defined head I «Simplified taxation, accounting and reporting» section XIV of the Tax Code of Ukraine.

Single taxpayers first and second groups and single tax payers the third group, which are not subject to value added tax, are required to keep a book recording income, the form of which was approved by the Ministry of Finance of Ukraine by daily, at the end of the day, a reflection of the income received. Single taxpayers third group payers of VAT, must keep records of income and expenditure in the form and manner established by the Ministry of Finance of Ukraine. Single taxpayers fourth - sixth group used data simplified accounting of income and expenses in accordance with applicable law.

Single taxpayers first and second groups pay a flat tax by making advance payment not later than the 20th of the month. Single taxpayers third - sixth group pay the single tax within 10 calendar days after the deadline for filing tax returns for the tax (reporting) quarter.

Single taxpayers submit to the State Revenue Service tax return single tax payer:

- Within the period fixed for the annual tax (reporting) period - single tax payers first group;
- Within the period fixed for quarterly tax (reporting) period - single tax payers second - sixth group. At the same time filed tax return and pay the tax only the first group in excess of the amount prescribed for the year of income.

Failure (been transferred by) a taxable individual amounts of the single tax in the manner and within the period specified by legislative act, punishable by a

*fine of 50 percent of the tax rates established for individual single taxpayers, certain legislative act.*

*Failure or delay in filing the taxpayer tax returns result in a fine of 170 UAH for each such failure or untimely filing. The same actions committed by the taxpayer, which was used during the penalty for such a violation, punishable by a penalty of 1020 UAH for each such failure or untimely filing. Failure of the taxpayer-individual declaration or the inclusion of a distorted (false) data on the amount of income received, expenses incurred, and if such action payer led to an underestimation of the amount of taxable income, subject to a fine for taxpayer-individual fine of 25 percent the difference between the low amount of tax liability and the amount determined by the tax authority.*

*Provision (Standard) accounting 25 «Financial Statements of Small Business», approved by the Ministry of Finance of Ukraine from 25.02.2000, № 39 (as amended) establishes the content and form of financial statements of small business in the Balance (Form number 1-m) and income statement (form № 2-m). brief report provides more than twice the number of indicators of balance and income statement for these subjects compared with reporting for other businesses . to fill these reporting forms recommended simplified accounts plan, approved by the Ministry of Finance of Ukraine from 19.04.2001, № 186 (as amended).*

**Conclusions.** *Small business entities to simplified system of taxation, accounting and reporting, must strictly comply with the current Tax Code of Ukraine to avoid unwanted fines and worsen their financial situation.*

## **REFERENCE LIST**

- 1. Tax Code of Ukraine of 02.12.2010 № 2755-VI (as amended) [electronic resource] // [www. sta. gov. ua](http://www.sta.gov.ua).*
- 2. Law of Ukraine "On Amendments to the Tax Code of Ukraine and other legislative acts of Ukraine on the simplified system of taxation, accounting and reporting" from 04.11.2011, № 4014-VI [electronic resource] // [http://www.nbuv.gov. ua](http://www.nbuv.gov.ua).*
- 3. Law of Ukraine "On the development and state support of small and medium business in Ukraine" dated 22.03.2012, № 4618-VI [electronic resource] // <http://www.nbuv.gov.ua>.*
- 4. Law of Ukraine "On Amendments to the Tax Code of Ukraine concerning the State Tax Service and in connection with administrative reform in Ukraine" dated 05.07.2012, № 5083-VI [electronic resource] // [http://www.nbuv.gov. ua](http://www.nbuv.gov.ua).*
- 5. [Electronic resource] // <http://blog.liga.net>.*