

Секція: Бухгалтерський облік, аналіз і аудит.

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CURRENT STATE AND ISSUES OF TAXATION IN UKRAINIAN FORESTRY

Creating acceptable conditions for the maintenance and restoration of forestry is one of the primary tasks of the state for the purpose of sustainable development of this sector and the development of the ecosystem of the country as a whole. The purpose of the research is to identify features and urgent issues in taxation of forestry enterprises, as well as to outline areas for optimizing the tax policy of the state in relation to forestry enterprises. We have included the results of analytical research related to the tax payments completed by the enterprises in the forestry industry [1], studying the nature of the rent payments and their nature [2], also the specificity of taxing the forest land and resource usage [3].

First of all, it should be noted that forestry enterprises are in the general system of taxation and pay the taxes, duties and payments required by the Tax Code of Ukraine [4]: 1) value added tax – 20 % from the sale of goods, works, services; other income; 2) income tax – 18 % of the financial result of the forestry enterprise (before taxation); 3) immovable property tax – 1-2,7 % of the minimum wage on the area of the object of residential real estate; 4) environmental tax – is paid in accordance with the class of hazardous pollutants

per 1 ton; 5) land fee – 0.3-3 % of the normative monetary valuation unit of the land area; 6) rent for the special use of forest resources – 10-15 % for the timber harvested in the order of cutting of the main use, and / or timber harvested during the implementation of certain measures; 7) the fee for the use of water resources – 72,25 UAH per 100 m³. (Fig.1). Along with this, forestry enterprises transfer taxes and compulsory fees to the budget, which are deducted from wages of employees. These include: 1) personal income tax – 18 %; 2) military fee – 1,5 %.

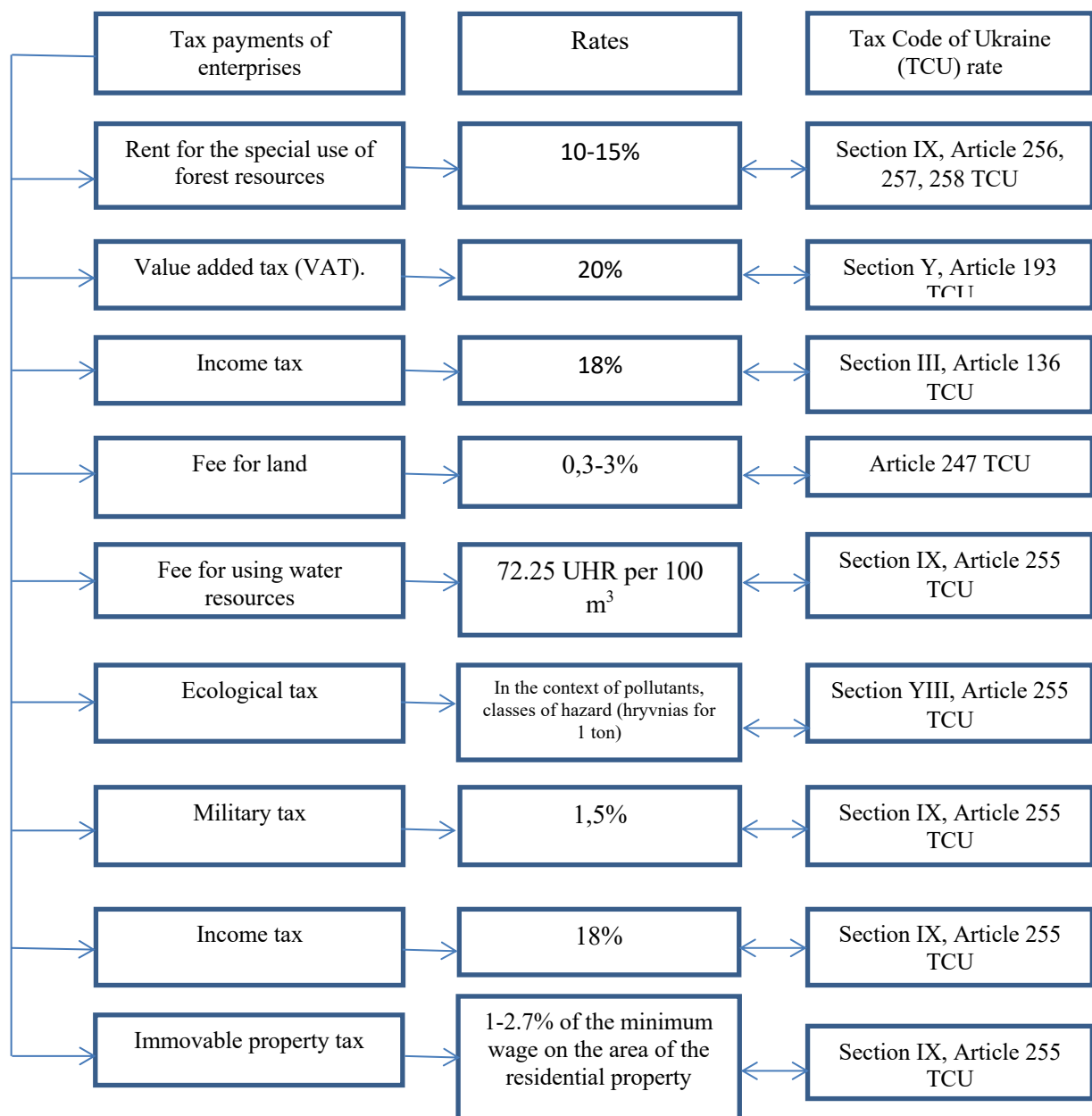


Fig. 1. The main tax payments of forestry enterprises under the Tax Code of Ukraine
[1; 4]

The forest land tax is levied as a rent for the special use of forest resources, which is a specific tax for forestry. We will analyze the payment dynamics by state enterprises of the State Agency of Forest Resources of Ukraine of this specific tax in 2015-2018 period by budget type (Fig. 2.).

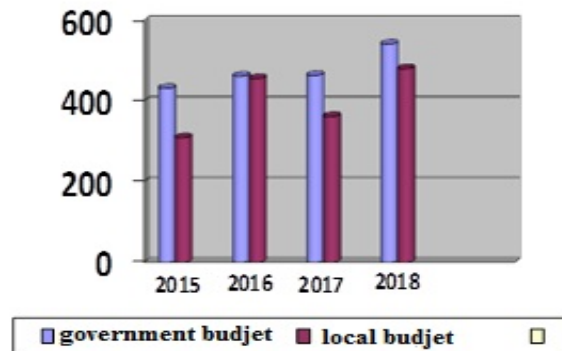


Fig. 2. The dynamic of paying rent for using the forest resources by the enterprises of the State Agency of Forest Resources of Ukraine between 2015-2018 y., UAH millions [5]

For the possibility of carrying out a critical analysis of the current tax system in Ukraine concerning the activities of forestry enterprises, we will focus on the existing types of taxes in the forestry industry of different countries (Table 1).

Table 1

Taxation in forestry of different countries of the world

Item No	Type of tax in forestry	Countries												Total
		Bulgaria	Estonia	Canada	German	Poland	Russia	USA	Turkey	Italy	Norway	Finland	Sweden	
1	Land Tax	-	+	+	+	+	+	+	+	-	-	-	-	7
2	Forest Tax	-	+	+	+	+	-	+	+	-	-	-	-	7
3	Roundwood timber tax	-	-	+	+	+	-	+	-	-	-	-	-	4
4	Tax on the forest (at the root)	-	-	+	+	-	+	+	-	-	-	-	-	4
5	Tax on forest heritage	-	+	+	+	+	-	+	+	-	-	-	-	6
6	The license fee on the workpiece	-	-	+	-	-	-	+	-	-	-	-	-	2
7	Tax on lease contracts	-	-	+	-	-	-	+	-	-	-	-	-	2
8	Natural resource tax	-	+	+	-	+	+	+	+	-	-	-	-	6
9	Income tax from forest lands	+	-	-	-	-	-	-	-	+	+	+	-	3
10	Tax on forest property	-	-	-	-	-	-	-	-	-	-	-	+	1
Total		1	4	8	5	5	3	8	4	1	1	1	1	X

Source: own development of authors with partial consideration of developments [6; 7]

The largest number of taxes related to forestry has been recorded in Canada. From the list of taxes, we can conclude that the basis for taxation in these countries is mainly wood, logging, land and forest rights. It should also be noted that the tax policy of most of the studied countries is constructed in such a way that a significant part of the taxes received from the budget from the activities and / or use of forestry are directed to the reproduction of forests.

The rate of the new land tax on forest is from 0% to 5% of the normative value of 1 ha of forest land. Setting a specific rate depends directly on the decision of the city and village councils. However, when determining the rates of this tax the specifics of forest resources should be taken into account.

The introduction of a new land tax on the forest will lead to a rise in prices for wood and the stopping of forest reproduction in Ukraine, and can serve as a number of negative impacts of the application of such a tax policy on forestry (Table 2).

Table 2

Cause-effect relationship of accepted changes to the TCU regarding taxation of forestry enterprises

Making changes to the TCU dated July 10, 2018	Consequences for forestry enterprises
The taxation of land that is in the stage of establishing tree-stands (not including forest crops, log cabins, gaps) or growing plantations up to the age of 40, and in which it is impossible to obtain timber suitable for sale (it is more profitable to grow crops than the forest)	increase in wood price to 1.5-2 times in the market
	increase of cutting intensity and influence on forest quality
	stopping the work of most enterprises in the woodworking industry and forestry enterprises due to the high cost of wood
Taxation of all protective forests of the southern and eastern regions of the Steppe and Forest-steppe zones, which for the last three years are without budget support, and the area of forest fires increases every year	a significant increase in the cost of maintaining forests
	reducing the quality of forests due to the impossibility of restoring, preserving and maintaining
The taxation of forests with limited forest use – in reserves of regional and local significance, other objects of the nature reserve fund	increasing the risk of cutting intensity, which negatively affects the conservation of forest biodiversity and its qualitative composition
	a significant increase in the cost of maintaining hunting facilities

Source: is systematized according to the data of the State Forest Resources Agency of Ukraine [8]

It should be mentioned that forestry is an independent form of economic activity of the country, therefore it would be reasonable to study comprehensively the features of activity and taxation of forestry enterprises.

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