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Possibility of simultaneous existence of turnover tax and VAT: lessons for Ukraine
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Absctract: In Ukrainian tax system VAT performs mostly fiscal function and is the major source of budget revenues as it has wide and stable tax base. Taking into account the international experience, the discussion is ongoing in Ukraine on feasibility of implementation of universal excise other than VAT (turnover tax) as a part of a hybrid system of universal excises. Regarding the foregoing, the peculiarities of turnover tax administration in Curacao, Haiti, North Korea and simultaneous existence of turnover tax and VAT in Argentina, Kyrgyzstan, and Kazakhstan are considered in the article. Theory and practice have shown that simultaneous existence of turnover tax and VAT is possible and justified within the conditions as follows: high level of shadow economy; low quality and efficiency of public institutions; budget deficit; significant state intervention in the economy; combating illegal VAT refund; closed internal market; small volumes of foreign economic activity; low growth rates of macroeconomic indicators. As a result the possible steps of simultaneous existence of turnover tax and VAT are defined, namely: ? reduction of VAT rate to the economically justified level taking into account international trends; ? implementation of the turnover tax at the level of 1-3 % taking into account factors as follows: level of profitability of each industry or type of business entity; foreign trade and trade balance; providing particular benefits for socio-economic development, etc.; ? using of hybrid system of universal excises in the short term (3-4 years) as a part of anti-crisis measures; ? imposition of both taxes at the state. As a conclusion it is noted that there is a persistent problem in simplification of VAT administration and increase of tax revenues, which determines the future needs to research the applicability of using universal excise other than VAT taking into account the peculiarities of Ukrainian tax system.

Keywords: VAT, turnover tax, hybrid system of universal excises, international experience, shadow economy, budget deficit.

[Full text \(PDF\)](arhiv/html/2016/76_03.pdf)
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