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***Alla Sokolovska*[1]**

THE RATES OF BUDGET-FORMING TAXES IN UKRAINE: IS A RADICAL REDUCTION ADVISABLE?

In the context of Russian Federation's full-scale war against Ukraine, the idea of conducting a radical tax reform in our country, which would provide for the establishment of corporate income tax, personal income tax and VAT rates at the same level of 10%, has become widespread, and later transformed into the idea of an "anti-corruption" tax reform. According to the reform's supporters, lowering the rates of the main taxes will ensure the de-shadowing of the economy, destroy the grounds for corruption, and on this basis will lead to an increase in tax revenues, if not in the first year of the reform, then at least in the short term.

Optimistic forecasts regarding the fiscal consequences of a radical reduction in the rates of main taxes in Ukraine are based on simplified ideas about the impact of the size of tax rates on the scale of the shadow economy and tax revenues. The purpose of the article is to refute these ideas by revealing, using the results of theoretical and empirical studies, the ambiguous nature of the relationship between tax rates and the size of the shadow economy and tax revenues.

A comparative analysis of the rates of VAT, personal income tax, corporative income tax and social security contributions in Ukraine and the EU countries has been carried out, which allows to establish that none of the EU countries has ever introduced low rates for all major taxes and social security contributions, reduced the VAT rate to the level of minimum EU requirements (15%), or refused to finance pension payments through social security contributions, distributing their burden between employers and employees. The author analyzes the impact of tax rates, tax burden and other factors on the level of the shadow economy and establishes why lower tax rates do not guarantee a reduction in the scale of informal activities. The absence of a direct link between the size of tax rates and corruption is substantiated. Based on the analysis of the arithmetic and economic

[1] **Sokolovska, Alla Mykhajlivna** - Doctor of Sciences (Economics), Professor, Head of Department, Research Financial Institute, State Educational and Scientific Institution "Academy of Financial Management" (46/48, Oles Honchar St., Kyiv, 01054, Ukraine), ORCID: 0000-0002-1022-8215, e-mail: sokolovska_alla@ukr.net

effects of tax rate cuts, the author determines their ambiguous impact on tax revenues. A comparative analysis has been made of the fiscal efficiency of the taxes whose rates are proposed to be reduced and of the compensating taxes, and the impossibility of compensating budget losses by increasing these taxes is substantiated. The author concludes about the high fiscal risks of a radical reduction in the rates of budget-forming taxes in general and the impossibility of such a reduction during the war.

Keywords: *tax reform; tax rates; social security contributions; shadow economy; effects of tax rate cuts*

The ways of reforming Ukraine's tax system, which were discussed in 2022-2023, are not new; the main ideas of this tax reform - the introduction of a tax on withdrawn capital instead of corporate income tax, the unification of the *personal income tax* (PIT) with the single social contribution (SSC) for the mandatory state social insurance - have been actively discussed since 2017-2018. However, in the conditions of a full-scale war unleashed by the Russian Federation against Ukraine, when the demand for simple solutions to complex problems has increased, they have moved in the populist direction, which resulted in the "10-10-10" initiative, which meant setting the rates on corporate income tax, PIT and VAT in Ukraine at the same level - 10%. Subsequently, this idea was transformed into the idea of implementing an "anti-corruption" tax reform in our country, which, however, did not mean its authors' refusal from a radical reduction in tax rates, but a shift of emphasis from their specific level, which, according to the reforms' ideologists, will still be specified as a result of negotiations with the European Commission and the IMF, to the issue of combating tax evasion schemes and corruption in tax authorities [1]. In fact, details of this struggle, as well as details of the long-overdue institutional reform of the tax service (goals, measures, necessary steps, and expected results), which could have a real impact on the attitude of taxpayers towards the fulfillment of their tax obligations, have not yet been made public, while the idea of a significant reduction of tax rates ("preferably to 10%", however, the reform's authors do not exclude the possibility of setting them at a higher level [1]) continues to be at the center of discussions.

The authors of the reform consider the main arguments in favor of a radical reduction in the rates of basic taxes in Ukraine their high level, which encourages business to evade taxation, which results in a discrepancy between the legally established and "real" rates. This problem can be solved with an "anti-corruption" tax reform, which should destroy schemes for tax evasion and minimization, as well as corruption in tax authorities [2]. A real result of the reform should be a new social contract with business, whose essence is that the government coordinates the tax system with economic realities, and business undertakes to pay taxes in full, which will increase tax revenues. According to A. Dligach, the head of the Council of the Coalition of Business Communities for the Modernization of Ukraine, according to calculations, under the worst-case scenario in the first years of the reform, a shortfall of 4-5 billion USD is possible in the state budget revenues. However, the most likely scenario is their growth already starting with the first year [3].

Research analysis and problem statement. Optimistic forecasts regarding the fiscal consequences of a radical reduction in the rates of basic taxes in Ukraine are based on simplified ideas about the impact of the size of tax rates on the scale of the shadow economy and on tax revenues. **The purpose** of this article is to disprove, based on the results of theoretical and empirical research these conceptions by revealing the ambiguous nature of the relationship between the above phenomena.

Many scientific publications are devoted to the analysis of factors affecting the scale of the shadow economy. Many of them take into account taxes - their types (direct and indirect), tax rates, administrative burden, and tax burden. Some studies argue that the size of the informal economy is directly dependent on the tax burden [4]. Others claim that such a dependence can be traced in some countries while is absent in others [5]. A number of studies argue that there is no proven evidence of any inverse relationship between the tax rates and the size of shadow economy. However, a warning is made that one should not expect a sure increase in tax revenues and a decrease in the shadow sector as a result of increased tax rates and vice versa - the size of shadow economy need not necessarily decrease as a result of reduced tax rates [6-8].

The nature of the relationship between tax rates and tax revenues was first defined empirically by A. Laffer in 1974, who established that increased income tax rate initially causes increased revenues, which reach a peak (the point of maximum revenues) at a certain moment, and then decline. This dependence is used by supporters of tax rate reduction, as a rule, to justify its positive impact on tax revenues, without taking into account that such an effect will only occur if it is about reducing tax rates that exceed the rate at which tax revenues reach their maximum, that is, about tax rates in the "prohibitive area" of the Laffer curve. Therefore, in order to predict the expected effects of tax rate reduction, it is necessary to establish the point of revenue maximization, realizing that it varies by country and tax type and changes over time, as does the shape of the Laffer curve. It is characteristic that A. Laffer himself analyzed the consequences of the reduction of the maximum PIT rate, initiated by US President John F. Kennedy, from 91 to 70%, and later by R. Reagan - from 70 to 50%, that is, it was about lowering a tax rate located in the "prohibitive area" [9].

Laffer's work was continued by other researchers who applied his model to other countries or individual taxes. Thus, A. Brill and K. Hassett established statistical evidence of the Laffer curve for the corporate income tax, and discovered the fact that over time the point of maximum revenues for this tax decreased from 34% to about 26% and the change in the shape of the Laffer curve, which became steeper [10]. L. Kawano and J. Slemrod estimated the relationship between changes in the corporate income tax rate and tax revenues, taking into account changes in the tax base [11]. M. Karas modeled the relationship between the PIT rate and the revenue it generates, and defined the tax rate that would maximize this revenue in the Czech Republic (33.14%), and found that the actual tax rate from 1994 to 2010 was below the maximum-revenue rate, while the historical tax rate was closest to the theoretical optimum in 2007 (a deviation of 0.19 percentage points) and deviated from it most in 1995 (a deviation of 5.76 percent) [12]. Laffer curves for the taxation of income from labor and capital are quantitatively characterized for the USA, EU-14 and selected European countries by M. Trabandt and H. Uhlig. Based on the results of the study, the scientists found that the US could increase tax revenues by 30% due to increased taxes on labor and by 6% due to increased taxes on income from capital. For the EU-14 economy, these indicators are defined at 8% and 1% [13].

Research results. Achieving the set goal necessitated a critical analysis of the arguments "for" a radical reduction in the rates of basic taxes, given by supporters of such a reduction, which we will carry out, answering the following questions:

- are the basic tax rates in Ukraine really high?
- what is the reason for the difference between the legally fixed and "real" rates of basic taxes, and is such a difference unique to Ukraine?
- does the radical reduction of basic tax rates serve as a guarantee of overcoming the shadowing of the economy and corruption?
- what will be the fiscal consequences of a radical reduction in basic tax rates?

To answer the first question, let's compare the rates of basic taxes in Ukraine and EU countries (Table 1).

Table 1

Rates of basic taxes and social security contributions in EU countries and in Ukraine in 2022

Country	Basic tax rates			Rates of social security contributions		
	Personal income tax*	Corporate income tax	VAT	Employers	Employees	Aggregate rate
Belgium	53.1	25.0	21	35.00	13.07	48.07
Bulgaria	10.0	10.0	20	19.62	13.78	33.40
Czech Republic	23.0	19.0	21	33.80	11.00	44.80
Denmark	55.9	22.0	25	0.00	0.00	00.00
Germany	47.5	29.8	19	22.54	14.12	36.66
Estonia	20.0	20.0	20	33.80	3.60	37.40
Ireland	40.0	12.5	23	11.05	4.00	15.05
Greece	54.0	22.0	24	22.54	14.12	36.66
Spain	45	25.0	21	29.90	6.35	36.25
France	51.5	25.8	21	45.00	23.00	68.00
Croatia	35.4	18.0	25	16.50	20.00	36.50
Italy	47.1	27.8	22	30.00	10.00	40.00

Table 1 (continued)

Republic of Cyprus	35.0	12.5	19	8.30	8.30	16.60
Latvia	31.0	20.0	21	23.59	10.50	34.09
Lithuania	32.0	15.0	21	1.77	19.50	21.27
Luxembourg	45.8	24.9	17	15.45	12.45	27.90
Hungary	15.0	10.8	27	13.00	18.50	31.50
Republic of Malta	35.0	35.0	18	10.00	10.00	20.00
Netherlands	49.5	25.8	21	23.59	27.65	51.24
Austria	50.0	25.0	20	21.23	18.12	39.35
Poland	32.0	19.0	23	22.14	13.71	35.85
Portugal	53.0	31.5	23	23.75	11.00	34.75
Romania	10.0	16.0	19	2.25	35.00	37.25
Slovenia	50.0	19.0	22	16.10	22.10	38.20
Slovakia	25.0	21.0	20	35.20	13.40	48.60
Finland	51.3	20.0	24	20.00	10.89	30.89
Sweden	52.2	20.6	25	31.42	7.00	38.42
Ukraine	**18.0 (+1.5**)**	**18.0**	**20**	**22.0**	**0.00**	**22.00**

* The highest legally established rates, including additional fees

** Military levy rate.

Source: compiled based on [14-16].

As the table shows, there is only one EU country (Romania), in which the rates of all three main taxes are lower than in Ukraine. Another three countries have set lower rates for two taxes: PIT and corporate income tax (Bulgaria and Hungary) and corporate income tax and VAT (Cyprus). Ireland and Lithuania have a lower rate of corporate income tax, and Germany has a lower VAT rate.

Aggregate rate of social security contributions is set at a lower level than in Ukraine in four EU countries: - in Ireland, Cyprus, Malta and Lithuania. At the same time, in all these countries, low rates of social security contributions are combined with relatively high marginal rates of personal income tax, due to which a low implicit rate of labor taxes in all these countries occurs only in Malta (it is the lowest in the EU) - 23.55%, while in the rest of countries, it is much higher: in Lithuania - 29.46%; Cyprus - 31.04%, Ireland - 32% [17]. In Ukraine in 2021, according to our calculations, it was 31.3%.

It is characteristic that, unlike Ukraine, in all EU countries social security contributions are paid not only by employers, but also by employees, and in countries such as Croatia, Lithuania, the Netherlands, Hungary, Romania and Slovenia, the rates of such contributions are higher than those for employers.

Evaluating the level of rates of basic taxes and social security contributions in EU countries in general, it is worth emphasizing that none of them has set low rates for all basic taxes and social security contributions. Bulgaria, having introduced a ten percent tax rate on PIT (2008) and corporate income tax (2007), has the VAT at an unchanged standard rate of 20%, and has also increased the social security contribution rate for employers from 15.9% in 2008 to 19.02% in 2018 and 19.62% in 2022. Ireland, having gradually reduced the corporate income tax rate from 24 to 12.5% during 2000-2003 and having the lowest aggregate rate of social security contributions in the EU, uses a progressive personal income tax with the maximum rate of 40%, and in 2012 increased the standard VAT rate from 21 to 23%. Hungary, having reduced the PIT rate from 20.3 to 15% in 2012-2016, and the corporate income tax rate from 20.6 to 10.8% in 2017, in 2012 increased the VAT rate from 25 to 27%. Various differently vectored changes have taken place in the tax system in Cyprus. While in 2003 the corporate income tax rate was reduced from 28 to 10%, and the highest PIT tax rate from 40 to 30%, then in 2013 a reverse process took place, that is, the rates of the above taxes grew to 12.5 and 35%, respectively. In addition, during 2012-2014, the VAT rate was gradually increased from 15 to 19%. Only Romania carried out a radical tax reform that covered all basic taxes and social security contributions. In particular, in 2005, the corporate income tax rate was reduced from 25 to 16%; in the same year, a proportional personal income tax with a rate of 16% was introduced instead of that with a progressive scale, which was paid with a maximum rate of 40%; during 2015-2017, the VAT rate was gradually reduced from 24 to 19%. In addition, during 2010–2020, the aggregate rate of social security contributions decreased from 45.70 to 37.25%. However, while in 2010-2017 the burden of contributions was reduced via a decrease in their rate for employers and its level for employees remained unchanged, then the main feature of the 2018 reform was the redistribution of the burden between employers and employees. In particular, while the rate of social security contributions for employers decreased from 23.45 to 2.25%, then for employees it increased from 16.50 to 35.00% [18, p. 31]. The increase in the burden of social security contributions on salaried employees was partially compensated by the decrease in the PIT rate (beginning with January 2018) from 16 to 10% and a significant increase in the minimum wage.

Thus, individual EU countries that became members of the Community later and have a lower level of development than the "old" members, in order to strengthen their competitive positions, set the rates of their income taxes (PIT and corporate income tax) at a lower level than in other EU countries, as well as lower than in Ukraine. However, none of them united the SSC with PIT or set the VAT rate even at the level of the minimum EU requirements (15%). Its lowest levels - 17 and 18% - are now established in Luxembourg and Malta, respectively. Even those countries that pay PIT at the lowest rate of 10% (Bulgaria and Romania) have a fairly high combined rate of PIT and social security contributions - 42.80 and 47.25%, respectively.

As for the low corporate income tax rates in the four EU countries, the situation with their use should soon change. On December 23, 2022, the EU Directive on ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups entered into force, which stipulates the rules of global minimum level of taxation in the European Union. This is a structure consisting of two interrelated rules, called "GloBE rules": the Income Inclusion Rule (IIR) and the Undertaxed Payment / Profit Rule (UTPR). They provide for an additional tax to be levied whenever the MNE's effective tax rate in a given jurisdiction is lower than 15%, which allows such a jurisdiction to be considered a low-tax one. In accordance with these rules, the parent MNE located in a member state is required to apply IIR to its share of corporate income tax attributable to any company in the low-taxed group, regardless of whether that company is within or beyond the EU borders [19]. This Directive should only apply to economic entities located in the Union that are members of MNE groups or large domestic groups reaching an annual threshold of EUR 750,000,000 in consolidated revenue. The Directive obliges member states to bring their national legislation into accordance with the new rules by December 31, 2023. This means that in order to prevent additional tax on entities that are members of MNE groups or large domestic groups that meet the requirements of the annual consolidated income threshold, member states with an income tax rate below 15% will be forced to raise it to a level not lower than the established global minimum level of taxation.

Thus, in the future, only the income of individuals will be able to be taxed at the rate of 10% in the EU countries. That rate cannot be used for either corporate income tax or VAT. Considering the above, are the hopes of the authors of the reform of Ukraine’s tax system realistic to agree with the European Commission on the application of tax rates lower than the minimum rates established by EU directives, despite Ukraine's desire to become a member of the Community? In our opinion, these hopes are unlikely to come true, considering that the establishment of the minimum rate level aims at limiting the tax competition between business entities and equalizing the conditions for doing business in the Community. In addition, minimum tax rates are mandatory, not optional standards of EU directives, that is, they are elements of the acquis communautaire, which cannot be a subject of negotiations upon accession to the EU. This means that countries seeking to become EU members must accept the acquis or abandon their intentions. This does not mean that during various waves of EU expansion, the candidate countries could not agree on postponing the adoption of certain elements of the acquis, while the acquis was never adapted to the requirements of the candidates [20, p. 16].

Answering the second question on the differences between the statutory and "real" rates of basic taxes, it is first of all necessary to clarify the terminology. In this regard, we note that the scientific literature does not refer to "real" but to "effective" tax rates, which always differ from those established by law. And the reason for the difference is not only the practice of tax evasion and tax avoidance, but also tax benefits (expenditures). Both reasons exist in any country, the only difference is the scale of the tax gap (that is the difference between the taxes that must be paid at the legally established rates and those payments that actually come to the budget): it is smaller with a lower level of shadowing of the economy and lower tax expenditures. However, there is no country where the shadow economy has been completely overcome, just as there is no tax system without tax benefits. Moreover, promises to "abolish all tax benefits" are purely populist in nature, not taking into account the fact that among the exemptions on indirect taxes in the EU countries there are those that are mandatory for all member states. This fact should be taken into account in a country that seeks EU membership.

The next important question concerns the relationship between the size of tax rates and the shadow economy and corruption.

Numerous studies conducted by scientists from different countries have helped establish that the level of the burden of taxes and social security contributions is an important, but not the only, factor affecting the level of shadow economy. There are a number of other generating factors that lead to the latter's growth, such as: quality of state institutions and state services, regulatory burden, tax morale, development of the official economy, the size of self-employment [21], unemployment rate, long-term decrease in citizens' loyalty to state institutions [22], level of corruption [23, 24], degree of economic development [25], low quality of life, imperfect fiscal legislation, aggressive tax policy [26], government efficiency, and rule of law [7]. As noted by F. Schneider and A. Asllani, "weak institutional quality, inefficient state institutions, complex and burdensome taxation and regulatory systems, lack of a strong legal system and widespread corruption are the main determinants of the informal economy in most countries. Over time, these factors can lead to reduced tax morale, which, in turn, will increase incentives to work in the shadow economy" [27].

Scientists have also carried out a quantitative assessment of the influence of the main factors on shadow economy in different countries. The results of the estimation are given in Table 2. They show that in most EU countries the shadow economy is most affected by indirect taxes and only in some countries by other factors: in Denmark - by personal income tax, which is higher that indirect taxes by only 0.9 pp; in Greece, Italy, Portugal and Romania - the level of self-employment relative to the general employment level; and in Germany and Slovakia - the level of unemployment. In a few developed countries - Belgium, Finland, Sweden and Great Britain, the second factor by the influence on the shadow economy is the personal income tax, which indicates a significant cumulative effect of taxes in general in these countries compared to other factors. This means that taxes in many countries are either the main (for example, in Denmark and Sweden, where their impact on the shadow economy is 68.1 and 54.1%), or a significant reason for the shadowing of the economy, but do not determine the scale (level) of shadow economy. That is, the consequence of the high level of basic tax rates in countries such as Denmark, Belgium, Finland, and Sweden does not necessarily have to be a high level of shadow economy. On the contrary, it is much lower than in countries with low tax rates, in particular, in Bulgaria and Romania, where the impact of taxes on the size of shadow economy is 42.8 and 28.7%, respectively. Instead, the factors such as unemployment and self-employment in Bulgaria (their combined impact is 43.4%) and self-employment in Romania (37.7%) are more significant. This, in turn, makes it possible to conclude that a reduction in tax rates, even a rather radical one, is not a guarantee of deshadowing of the economy, not least because the latter is affected by not one, but a number of factors.

Table 2

Average relative influence of the determinants of shadow economy in EU countries (1999–2017), %

Country	**Average shadow economy**	**Personal income tax**	**Indirect taxes**	**Tax morale**	**Unemployment**	**Self-employment**	**GDP increase**	**Freedom of business**
Austria	8.8	18.5	27.4	11.6	12.1	20.5	0.8	9.1
Belgium	20.5	19.2	20.2	19.1	16.5	17.3	0.4	7.2
Bulgaria	35.6	5.1	37.7	5.7	25.9	17.5	1.9	6.2
Republic of Cyprus	28.2	4.3	35.9	9.1	11.2	29.9	0.8	8.7
Czech Republic	15.6	7.8	30.7	9.4	19.0	23.5	1.2	8.3
Denmark	16.3	34.6	33.5	4.0	9.5	9.9	0.3	8.2
Estonia	20.7	10.0	36.0	11.7	21.8	10.4	1.8	8.3
Finland	15,4	19.7	29.1	8.7	18.6	15.2	0.8	7.9
France	14.8	12.8	24.3	15.5	23.2	15.1	0.4	8.6
Germany	15.7	16.6	24.2	8.3	24.3	16.9	0.6	9.1
Greece	27.0	5.8	21.8	10.4	18.0	37.6	0.7	5.7
Hungary	24.1	12.3	34.9	6.4	18.6	18.5	1.2	8.0
Ireland	15.1	12.5	36.4	7.9	12.5	21.3	1.0	8.5
Italy	26.9	15.6	18.9	9.0	18.6	31.0	0.1	6.8
Latvia	21.0	8.2	32.3	13.3	23.3	14.6	1.8	6.6
Lithuania	25.4	9.0	28.8	17.5	19.9	17.1	1.5	6.1
Luxembourg	8.6	13.2	33.4	20.0	10.4	11.9	1.2	9.8
Republic of Malta	26.3	5.9	39.7	3.2	20.0	21.2	0.8	9.3
Netherlands	11.8	13.6	32.5	13.0	10.4	19.7	0.8	10.0
Poland	25.4	6.1	27.8	7.8	26.1	25.7	1.3	5.3
Portugal	21.2	8.1	29.9	8.7	14.6	31.1	0.4	7.2
Romania	33.2	4.2	24.5	14.2	13.1	37.7	1.1	5.2
Slovakia	16.5	4.8	31.7	6.4	34.9	13.7	1.5	7.1
Slovenia	24.1	9.6	33.9	9.6	15.4	21.7	1.2	8.6
Sweden	16.6	23.5	30.6	8.7	15.2	13.2	0.8	8.0
Great Britain	11.5	18.2	30.8	8.1	14.3	18.0	0.6	9.9

Source: [27].

This conclusion is confirmed by empirical research that testifies to the ambiguous effects of reducing tax rates and the tax burden on the level of shadowing of economic relations in different countries. Thus, S. Johnson et al., after investigating the relationship between tax rates and tax burden, on the one hand, and the size of the informal economy for 49 countries in three regions - Latin America, the OECD and the former Soviet bloc - on the other hand, concluded that countries with high marginal tax rates but low tax burdens actually have a low share of the informal economy as a percentage of GDP. Conversely, countries with relatively low tax rates and a high tax burden have a high level of informal economy. Therefore, it is not so much the higher level of tax rates that leads to greater informal activity as the higher tax burden, which is defined taking into account not only the marginal tax rates, but also the way of tax administration [4]. However, this relationship is not observed in all countries. Thus, L.A. Cristea et al. established a close relationship between tax burden and shadow economy for such countries as Greece and Romania, and the absence of such a relationship for Austria, Poland and Croatia [5].

E. Friedman, S. Johnson et al. found no evidence that higher rates of either direct or indirect taxes are associated with a larger size of informal economy. In contrast, there is evidence that higher direct tax rates are associated with a smaller informal sector. In particular, richer countries have both better-run administrations and higher tax rates, as well as smaller volumes of informal economy. This is probably because higher tax rates can generate revenue that increases the productivity of public goods and also improves the legal environment enough to encourage staying in the formal sector. However, the researchers warn that this does not mean that raising tax rates in any country will necessarily increase revenues and reduce informal activity. Much depends on how the tax system is administered [6]. Similarly, the reduction of tax rates, according to the conclusion by A. Hetemi et al, cannot be an effective policy to fight shadow economy in all countries, and therefore the same approach cannot be applied to all countries [7]. Instead, the research conducted by the authors has proved that the size of shadow economy is significantly influenced by effectiveness of the government and the observance/non-observance of the rule of law.

Even large-scale tax reforms, according to F. Schneider's observations, which provide for a significant reduction in tax rates, may fail to attain a significant reduction in the size of shadow economy; such reforms can only stabilize its size, preventing further growth. This fact makes it even more difficult to carry out reforms aimed at a sharp reduction in tax rates, since their effectiveness in the end may be rather low [8, p. 1083].

It may be more effective to combine tax rate reduction with other strategies, such as: reducing regulatory and administrative burdens, raising fiscal transparency and government efficiency, as well as improving tax compliance, automating procedures, and promoting electronic payments. Besides, a well-designed set of strategies should address incentives for informal workers to move into the formal sector, especially in countries that depend on remittances from abroad and where shadow economy provides a social safety net. Also, political actions aimed at encouraging job creation in private sector and promoting human capital development would help firms and workers out of the shadows and promote a more inclusive growth [27].

The experience of the radical reduction in the tax rate in Ukraine in 2016 confirms F. Schneider's conclusion that there is no necessary causal relationship between a radical reduction in tax rates and the scale of shadow economy, especially in countries with a low economic development. According to the State Statistics Service of Ukraine, the share of informally employed in total number of employed aged 15-70 in 2019 was 20.9% compared to 26.2% in 2015, when the figure was the highest, while compared to 2010, it decreased by only 2 pp. [28]. No significant impact on the reduction of the size of shadow economy took place as a result of up to 10% decrease in the rates of personal and corporate income taxes in 2007-2008 in Bulgaria. While the level of shadow economy in this country in 2004–2006 averaged 34.6% of GDP, then in 2007–2009 it was 32.4% of GDP[2]. It was the same in 2021, and in 2022 it grew to 33.1% of GDP, remaining the highest in the EU. In Romania, the reduction in 2005 of the rates of personal and corporate income taxes to 16% was accompanied by a decrease in the level of shadow economy from 33.1% of GDP on average in 2003–2004 to 31.8% of GDP in 2005–2006 and to 29.8% of GDP on average during the consequent three years.

The authors of the radical reduction of tax rates in Ukraine, in addition to hoping that it will help overcome the shadow economy, believe that such rates will also have an anti-corruption effect, calling the tax reform an anti-corruption one. However, this name, in our opinion, is purely populist. Scientists have not established any direct connection between the level of tax rates and corruption. Corruption, which is closely related to tax evasion and - therefore - to shadow economy, is a factor that can contribute to its growth, but the level of tax rates is not a factor of corruption.

L.A. Cristea et al., having studied the relationship between tax burden and shadow economy, as well as between shadow economy and corruption, came to the conclusion that such relationships are rather mixed. They found a statistically significant and directly proportional effect of corruption on the shadow economy in countries like Slovakia, Romania, Poland, and Croatia, and an inversely proportional relationship between them in a developed country such as Austria. This indicates that as corruption increases, the shadow economy decreases. While direct proportionality suggests that in a corrupt country, where a citizen can bribe a public official, his incentives to pay taxes are low, so he moves to the shadow economy, then an inverse proportionality indicates that a high level of corruption is a reason for the taxpayer to go into the shadows, because it only encourages him to resort to corrupt actions in order to obtain economic, financial or social advantages, using which he can work in the official economy [5].

The last question that needs to be answered when discussing the radical reduction of basic tax rates in Ukraine concerns its fiscal consequences. According to the reform's authors, such a reduction would encourage business activities and bring the economy out of the shadows, and therefore promote the growth of tax revenues, if not during the first 1-2 years, then at least in the near future.

However, this conclusion takes into account only the economic effect of the reduction of tax rates. Meanwhile, as A. Laffer argued, the main idea of the

[2] Calculated based on [27].

relationship between tax rates and tax revenues is that there is a compromise between two effects on tax revenues - the arithmetic effect, according to which a decrease in tax rates leads to a decrease in tax revenues, and raising rates - on the contrary – leads to their growth, and the economic effect, that is, the effect of change of the tax base, which acts both through incentives to reduce the size of the shadow economy, and through incentives to increase employment and production. However, since the arithmetic effect always works in the direction opposite to the economic effect, their overall impact on tax revenues is not so obvious.

As a result, as the scientist notes, the Laffer curve by itself does not indicate that a tax cut will lead to an increase or to a decrease in tax revenues. The latter's reaction to a change in the tax rate will depend on the following factors: the current tax system; the time period under consideration; the ease of transition to shadow activities; the level of the existing tax rates; and the spread of tax loopholes in legislation and accounting. The economic effect of lowering the tax rate will prevail over the arithmetic one, which will be manifested in the growth of tax revenues, if the existing tax rate is too high, that is, if it is in the "prohibitive area" [9]. This idea was developed by E. Friedman, S. Johnson et al. arguing that it is not high tax rates, but weak institutions that undermine the government's ability to collect tax revenues [6].

The ambiguous impact of the reduction of PIT and corporate income tax rates on tax revenues can be traced in the consequences of the most radical tax reforms that took place in individual EU countries in 2000-2010.

In particular, in Bulgaria, the gradual reduction of the maximum PIT rate from 40 to 24%, while maintaining the progressive scale of income taxation, was accompanied by a clear trend towards a decrease in the tax's share in GDP during 2000-2006 from 4.0 to 2.5%. At the same time, the first significant (by 9 pp) reduction in the tax rate during this period (in 2002) led to a decrease in its share in GDP from 3.5% to 3.2%, while the next reduction (by 5 pp) in 2005 - to a decrease from 3.2% (average for three years when tax was paid at the maximum rate of 29%), to 2.7% (average for three years, when the tax was paid at the maximum rate of 24%) (Table 3).

One consequence of the radical tax reform, which was accompanied not only by a single reduction of tax rate to 10%, i.e. by 14 percentage points, but also by the transition from a progressive to a proportional scale of taxation, which took place in 2008, was an increase in the tax's share in GDP from 2.7% (average in 2005–2007) to 2.8% not only in the first year of the reform, but also in the first three years after its implementation.

In Romania, the transition from a progressive personal income tax with a maximum rate of 40% to a proportional one with a rate of 16% was accompanied by a decrease in the tax's share in GDP from 3.04% (average for five years preceding the reform) to 2.3% in the first year of the reform and its gradual increase over the following years. As a result, during the first five years after the tax rate reduction, the tax's revenues were on average only by 0.08 pp lower than during the previous five years, that is, they almost reached the pre-reform level.

Table 3

Dynamics of PIT rate and its share in GDP in Bulgaria and Romania in 2000–2010, *%*

Indicator	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Bulgaria											
Rate	40.0	38.0	29.0	29.0	29.0	24.0	24.0	24.0	10.0	10.0	10.0
Share in GDP	4.0	3.5	3.2	3.2	3.1	2.6	2.5	3.0	2.8	2.8	2.8
Romania											
Rate	40.0	40.0	40.0	40.0	40.0	16.0	16.0	16.0	16.0	16.0	16.0
Share in GDP	3.5	3.3	2.7	2.8	2.9	2.3	2.8	3.2	3.2	3.3	3.2

Source: compiled based on [29, 30].

The most radical corporate income tax reforms in 2000-2010 took place in such EU countries as Bulgaria, Romania, Cyprus and Ireland.

In Bulgaria, in 2000-2005, the tax's rate decreased almost annually by 4.5 pp, to decrease in total from 32.5 to 15%, i.e. by 17.5 pp in five years. At the same time, while the decrease in 2001 resulted in a 1.1 pp increase in the tax's share in GDP, then the subsequent gradual reduction from 23.5 to 15% in 2002–2005 was accompanied by a decrease in the tax's share in GDP from 3 to 1.8%. At the same time, the tax rate's reduction in 2007 led to an increase in the tax's share in GDP already in the first year to the highest level in the studied interval (4.1%), which gradually decreased during subsequent three years, most likely due to the worsening general economic situation since late 2008. (Table 4).

In Romania, the corporate income tax rate was reduced by 9 pp in 2005, which led to a decrease in the tax's share in GDP from 2.82% on average in 2000-2004 to 2.7% in the first year of the reform. Overall, during five years after the reduction, the tax's average share in GDP was 2.74%, that is, it was only by 0.08 pp lower than during previous five years.

In Cyprus, the reduction of the tax's rate to 10% (by 18 pp) in 2003 was accompanied by a decrease in its share in GDP from 6.2% on average in 2000–2002 to 4.4% in the first year after the reform and to 4.1% on average during three years after the reform, while in subsequent three years (2006-2008) it increased to 5.8% on average, but never reached the pre-reform figure.

A gradual reduction of the corporate income tax rate in Ireland from 24% to 12.5% during 2000–2003 was accompanied by a decrease in the tax's share in GDP in 2001–2002 and its increase to the pre-reform level (3.8%) in 2003. In subsequent years, the figure was not stable, decreasing to an average of 3.6% in 2004-2007, and to 2.5% in 2008–2010.

Table 4

Dynamics of corporate income tax rates and its share in GDP in individual EU countries in 2000-2010, *%*

Indicator	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Bulgaria											
Rate	32.5	28.0	23.5	23.5	19.5	15.0	15.0	10.0	10.0	10.0	10.0
Share in GDP	2.7	3.8	3.0	2.8	2.5	1.8	2.0	4.1	3.0	2.4	1.9
Romania											
Rate	25.0	25.0	25.0	25.0	25.0	16.0	16.0	16.0	16.0	16.0	16.0
Share in GDP	3.0	2.5	2.6	2.8	3.2	2.7	2.8	3.0	2.9	2.3	2.1
Republic of Cypres											
Rate	29.0	28.0	28.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Share in GDP	6.2	6.3	6.0	4.4	3.7	4.2	4.9	6.1	6.4	5.9	5.6
Ireland											
Rate	24.0	20.0	16.0	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5
Share in GDP	3.8	3.6	3.7	3.8	3.7	3.3	3.8	3.4	2.8	2.3	2.4

Source: compiled based on [29, 30].

Analysis of the fiscal consequences of the most radical reforms of income taxes in EU countries allows the following conclusions: 1) a significant reduction in tax rates in most cases is accompanied by a decrease in the tax's fiscal efficiency in the first year of the reform; 2) restoration of the tax's fiscal efficiency in different countries takes place over different periods of time; 3) the best fiscal effects are observed when a reduction of the rate of personal income tax is accompanied by a transition from a progressive to a proportional model. On the whole, one can state a mixed impact of the radical reduction of income taxes rates in the EU countries on the corresponding budget revenues, which makes it difficult to predict the consequences of such reforms and requires taking into account the impact of other (country-specific) factors.

The fiscal consequences of changes in tax rates in Ukraine can be analyzed using the example of the gradual reduction of the corporate income tax rate during 2011-2014, the revision of PIT rates in 2011-2016, and the reduction of the rate of SSC in 2016.

As a result of gradual reduction of the corporate income tax rate over four years by 7 pp (from 25 to 23% from April 1, 2011, to 21% from January 1, 2012, to 19% from January 1, 2013 and to 18% from January 1, 2014) the tax burden on gross profit, and mixed income (GPMI) decreased from 9.31% in 2010 to 6.21% in 2014 (Table 5). While during the first two years after the tax's rate reduction, its revenues to the budget increased, in 2013 they fell by 1.4%, in 2014 - by 26.9% (the maximum value), and in 2015 - by 2.9%. Accordingly, until 2016, the tax's share in GDP was also characterized by downward dynamics. Since both the nominal GDP and GPMI in these years continued to grow, one of the reasons for the decrease in the tax's revenues can obviously be considered the cumulative effect of the annual reductions in the tax's rate. Another reason could be the decrease in the number of business entities - tax payers - both due to the economic crisis and the beginning of war in the east of Ukraine. In particular, according to data by State Statistics Service of Ukraine, total number of business entities in Ukraine in 2014 decreased by 13.3% compared to 2013, including the number of large enterprises - by 24.6%, and medium-sized enterprises - by 13.5%. In general, corporate income tax revenues for 2010-2015 decreased by 3.2%. Their growth began only in 2016; one of its reasons was the expansion of the tax base due to the cancellation of a number of tax benefits in 2014-2015, as well as the beginning of economic growth.

Table 5

Tax burden on GPMI and growth rates of corporate income tax revenues, GDP and mixed income, %

Indicator	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
CIT/GPMI	10.84	10.77	9.99	6.21	4.36	5.27	5.45	6.93
Tax's share in GDP	4.2	4.0	3.8	2.5	2.0	2.5	2.5	3.0
Growth rates								
Tax`s revenues	136.5	101.3	98.6	73.1	97.1	154.2	121.9	144.7
GDP	120.4	108.1	104.3	108.3	125.3	120.0	125.1	119.3
GPMI	117.2	102.0	106.2	117.7	138.2	127.6	117.8	113.9

Source: compiled based on data from State Treasury Service of Ukraine and State Statistics Service of Ukraine.

While the tax burden on the companies' profits during the analyzed period decreased, then that on personal incomes increased due to the following measures:

- an increase in the maximum PIT rate from 15 to 17% in 2011 and to 20% in 2015, with its subsequent decrease to 18% in 2016. Its increase was initially part of the transition from proportional to low-progressive income tax, and later it was implemented in the context of measures to raise the tax progression, while the reduction was part of the return to proportional taxation;
- introduction of the taxation of pensions and lifetime allowance (at the rates of 15% / 17% from 01.07.2014, 15% / 20% - from 01.01.2015 to 31.12.2015, 15% - from 01.01.2016, and 18% from July 1, 2016 to January 2018);
- cancellation of the moratorium on the taxation of personal income received in the form of interest, and an increase in the corresponding tax rate to 15% from 08.2.2014, 20% from 01.1.2015, and 18% from 01.1.2016;
- introduction of military levy at the rate of 1.5% from the second half of 2014 and a significant expansion of its base from January 1, 2015 by including all personal incomes.

Table 6

Tax burden on wages and the rate of growth of personal income tax, single social contribution and work compensation, *%*

Indicator	2011	2012	2013	2014	2015	2016	2017	2018
Growth rates								
Revenues PIT	118.0	113.1	106.0	100.7	125.0	140.2	134.0	123.8
Revenues, SSC		117.8	104.5	97.0	102.5	71.0	137.2	126.1
Revenues PIT + SSC		116.5	104.9	98.0	109.0	93.7	135.6	125.0
Work compensation	117.8	115.6	103.5	100.6	105.8	112.4	134.0	126.2
Tax burden								
$T_{PIT/WC}$	9.9	9.6	9.9	9.9	11.7	14.6	14.6	14.3
$T_{SSC/WC}$	24.8	25.4	25.5	24.6	23.9	15.1	15.4	15.4
$T_{PIT+ML+SSC/WC}$	34.7	35.0	35.4	34.9	36.7	31.0	31.3	31.0

Source: compiled based on data from State Treasury Service of Ukraine and State Statistics Service of Ukraine.

As a result of measures taken in 2011-2014, despite the increased maximum rate of PIT, the tax burden on personal incomes ($T_{PIT/WC}$) did not change. Obviously, this is evidence that the share of incomes taxed at the maximum rate in the public sector was insignificant, and in the private sector that share was not declared either before or after the introduction of tax innovations. Tax revenues to the consolidated budget increased, however, not so much under the influence of the increase in its maximum rate, but as a result of the growth of wages, whose rate corresponded to the rate of growth of tax revenues and had a downward trend (Table 6).

A noticeable increase in the tax burden due to increased maximum PIT rate occurred in 2015. It also caused a significant increase in tax revenues. However, the biggest fiscal effect was the return in 2016 to proportional income tax, which resulted in the taxation of most taxpayers’ income at a higher tax rate than before, while for a minority the rate decreased. This led to increased tax burden on labor to the maximum level of 14.6%. Tax revenues to the consolidated budget grew, although at a lower rate, in the subsequent two years as well. However, the main reason for their growth was the increased wage growth, due to a legal two-fold increase of minimum wage in 2017, whose purpose was to reduce the negative effect of the radical reduction of the rate of SSC in 2016 for businessmen from 41% (41% is the weighted average rate and 36.4% - the effective rate) to 22% and cancellation of the contribution for employees, which was previously paid at the rate of 3.6%. The consequences included a drop in revenues from the SSC by 29% (to the lowest level - 5.53% of GDP). And only in 2017, thanks to a record 34% increase in wages, the revenues increased (up to 6.06% of GDP). However, the share of SSC revenues in GDP in 2020–2021 remained significantly lower (7.02 and 6.39%, respectively) than in the pre-reform 2011-2015 (11.60% on average).

Thus, the consequences of change in the rates of taxes on the incomes of legal entities and individuals in Ukraine are characterized by the predominance of arithmetic effects over economic ones, which, in our opinion, indicates that after the reduction of the rates of corporate income tax and SSC, no significant breakthrough took place in the legalization of incomes.

In general, the mixed consequences of the tax rate reduction for the de-shadowing of the economy and tax revenues, confirmed by both theoretical and empirical studies, testify to great fiscal risks of their radical reduction for all major taxes in Ukraine. After all, if such a decrease is not accompanied by an expansion of the tax base (in particular due to economic de-shadowing), there will be large budget losses. These risks are absolutely unacceptable in the conditions of war, which in itself is a favorable background for shadow activities, as noted by F. Schneider and A. Asllani, indicating the need to adjust the forecast of changes in the size of shadow economy made by them in January 2022, due to the military aggression by the Russian Federation against Ukraine in February of the same year. In the fall of 2022, the scientists note, most EU countries faced a significant growth of inflation rate (about 10.0%) and an acute shortage of energy (fossil energy, such as gas). Due to these events, the predicted downfall of the shadow economy will not occur, on the contrary, it will grow by 5–7% in almost all EU countries [27]. In Ukraine, factors such as a drop in output and employment contribute to its growth, as people usually try to compensate for the loss of income by finding employment in the informal sector.

A radical reduction in tax rates would entail high fiscal risks even after the end of the war due to the impossibility of rapid recovery of the destroyed economy, as well as demographic losses, which, in turn, narrows the fiscal space for a radical tax reform.

Although the authors of the tax reform in Ukraine disregard the above mentioned risks, they still cannot bypass the question of compensators for a possible decrease in tax revenues, proposing for this role an increase in excise taxes, an environmental tax, and rent for the extraction of raw materials. In order to establish whether these taxes can fulfill the role of compensators, we will analyze the income from them to this country's consolidated budget in the pre-war year 2021.

Table 7

Comparison of revenues from personal income tax, VAT and corporate income tax with revenues from compensatory taxes in 2021

Revenues (Consolidated budget)	*mln. UAH*	*% of tax revenues*	*% of GDP*
PIT	349785.5	24.06	6.41
Corporate income tax	163844.5	11.27	3.00
VAT	536489.2	36.90	9.83
Total	**1050119.2**	**72.23**	**19.24**
Excise tax	180300.3	12.40	3.30

Table 7 (continued)

Rent for the use of subsoil	82231.5	5.66	1.51
Ecological tax	5989.3	0.41	0.11
Total	**260284.8**	**18.47**	**4.92**
Tax revenues	1453804.1		26.63
SSC	349039.0		6.39
GDP	5459574		

Source: compiled based on data from State Treasury Service of Ukraine and State Statistics Service of Ukraine.

As shown in Table 7, revenues from VAT, personal income tax and corporate income tax account for 72.23% of the total amount of tax revenues to the consolidated budget and 19.24% of GDP, and together with the SSC, the latter indicator reaches the level of 25.63%, while compensatory taxes, respectively, – 18.47 and 4.92%. Moreover, their total revenues to the consolidated budget in 2021 were equal to only 74.57% of the revenues from SSC, that is, they are insufficient even to compensate for the loss of the latter.

Thus, there is no doubt that the proposed compensatory taxes will not be able to perform the role assigned to them, especially as the possibilities of their increase are limited. Since the excise tax has the highest fiscal efficiency of all compensatory taxes, only a significant increase in its rate could have a noticeable fiscal effect. However, the increase in those taxes is always accompanied by further shadowing of the corresponding markets of excise items. In addition, the excise tax rates on tobacco products in Ukraine during 2015-2019 increased by 30-40% annually, and from January 1, 2021 to December 31, 2024, in compliance with the requirements by the Association Agreement between Ukraine and the EU, their annual increase by 20% is stipulated.

Excise tax rates on alcoholic beverages (except for natural grape wines) have undergone frequent revisions too. In particular, as a result of their almost annual revision during 2011-2017 (with the exception of 2013), they increased for beer and sparkling wines by 3.76 times, and for undenatured ethyl alcohol by 3.01 times. In 2021, they increased by another 5%.

However, the increase in excise tax rates on tobacco products and alcoholic beverages was not accompanied by a corresponding increase in their revenues to the consolidated budget. In particular, after the peak increase in 2016, the growth rates of tobacco tax revenues and their fiscal efficiency have been decreasing. The latter decreased from 1.39% of GDP in 2016 to 1.11% in 2019, i.e. to a lower level than in 2010 (1.21% of GDP). In 2020, it grew to 1.30%, but fell to 1.16% of GDP in subsequent year. A downward trend is also characteristic for the revenues from the excise tax on alcohol. Their share in GDP fell from 0.54% in 2016 to 0.30% in 2021. The share of the excise tax on fuel in GDP is the highest, but since 2018 it has had a downward trend too - from 1.65% to 1.31% of GDP in 2021 (Table 8). The above mentioned trends, most likely, were the result of increased shadowing on the markets of the excise items. Thus, according to "Ukrtyutyun" association, the legal cigarette market in 2019 fell by 26% compared to 2017, while the amount of illegal trade doubled. The situation became even worse in 2022, when the shadow segment of the tobacco market in Ukraine increased to 20%.

Table 8

The share of excise tax in GDP in 2016–2021., %

Indicator	**2016**	**2018**	**2019**	**2020**	**2021**
Excise tax on tobaccos	1.39	1.22	1.11	1.30	1.16
Excise tax on alcohol	0.54	0.40	0.37	0.37	0.30
Excise tax on fuel	1.56	1.65	1.38	1.49	1.31
Excise tax on electricity	0.17	0.15	0.12	0.07	0.07
Excise tax on vehicles	0.12	0.13	0.30	0.26	0.27
Total excise taxes	4.27	3.73	3.45	3.67	3.30

Source: compiled based on data from State Treasury Service of Ukraine.

In addition to increasing compensatory tax rates, reduction of budget losses could be attained, according to the authors of the tax reform, via an institutional reform of the tax service and increasing business responsibility for tax evasion, including the introduction of strict control over the use of the simplified taxation procedure. These measures are, certainly, important and necessary, but in the absence of their detail, they cannot yet be a subject of analysis.

Conclusions

Summing up, one can note that the idea of a radical reduction in the rates of the taxes, which provide the lion's share of tax revenues to the consolidated budget, is associated with significant risks and threats, the main ones being:

- failure to achieve the goals of the radical tax reform due to too high expectations about its consequences, which are caused by oversimplified ideas about the impact of taxes on the informal economy, investments and tax revenues, as well as about the possibility of using tax reforms to solve problems that require complex and comprehensive measures;

- inhibition of European integration in Ukraine in case of insufficient consideration of the requirements of the EU directives regarding the minimum level of VAT and corporate income tax rates. At the same time, proposals to introduce low rates for only a few years, before Ukraine joins the EU, cannot withstand any criticism, as they cross out even the minimal possibility of de-shadowing the economy: economic agents, aware of the temporary nature of the reduction of tax rates, will be in no hurry to come out of the shadows;

- aggravation of fiscal imbalances due to the impossibility to compensate for the loss of budget revenues;

- the impossibility of financing both military and social costs in the necessary amount. At the same time, relying on the financial support of international partners is, in our opinion, irresponsible: they do not have to and are unlikely to support our tax experiments at the expense of their own taxpayers' money. The responsibility for risky decisions should be borne by the country that makes such decisions; it should not shift it to others.

This does not mean a complete refusal to lower tax rates in Ukraine. It simply shows the impracticality of a radical reduction in the rates of the main budget-forming taxes, which, moreover, should be combined with a change in the current model of corporate income tax, (which in itself carries a threat of budget losses), and with the unification of personal income tax with SSC; as well as the inadvisability to reduce tax rates in the conditions of war.

Some countries from the new EU members, who resorted to a radical reduction of the rates of income taxes, did not revise VAT rates and maintained high rates of social security contributions. In addition, no country that introduced a tax on distributed income instead of the classic corporate income tax reduced its rate (Latvia even increased it from 15 to 20%). Finally, no EU country has abolished social security contributions, being concerned about the observance of the guarantees of adequate social protection and the rights of workers and self-employed persons to a pension that corresponds to their contributions and provides an adequate income, that is, an income that gives the right to a decent life [31].

As to the reduction of tax rates during the war, its inadmissibility does not seem to require special justifications, because a sharp decline in state revenues endangers the financing of war expenditures. However, a tax reform in the proposed format, in our opinion, cannot be implemented even after the war, and not only because of fiscal risks. After all, the end of war will not reduce the security risks for Ukraine, or remove the need to be ready to defend independence with weapons in hand at any moment. Our nation will need large funds not only to recover and modernize the economy, but also to create a powerful defense-industrial complex, maintain the army, and provide decent social support for war veterans, the disabled, widows, and orphans. All this will require not only the assistance of partner states and reparations, but also significant permanent financial resources, whose source can only be the taxes. As for the format of tax reform after the war, it is currently difficult to predict. Its goals, tasks and means of implementation will depend on how long the war will last, what Ukraine's economy will be like after the war, what our demographic losses will be and what urgent tasks, as well as new challenges and threats our country will face.

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Алла Соколовська[3]

СТАВКИ БЮДЖЕТОУТВОРЮЮЧИХ ПОДАТКІВ В УКРАЇНІ: ЧИ ДОЦІЛЬНЕ РАДИКАЛЬНЕ ЗНИЖЕННЯ?

В умовах повномасштабної війни Росії проти України набула поширення ідея проведення в нашій країні радикальної податкової реформи, яка би передбачала встановлення ставок податку на прибуток, ПДФО і ПДВ на однаковому рівні – 10%, що згодом трансформувалася в ідею "антикорупційної" податкової реформи. Зниження ставок основних податків, на думку прихильників реформи, забезпечить детінізацію економіки, знищить підстави для корупції і на цій основі зумовить зростання податкових надходжень якщо не в перший рік реформи, то, принаймні, у найближчій перспективі.

Оптимістичні прогнози щодо фіскальних наслідків радикального зниження ставок основних податків в Україні ґрунтуються на спрощених уявленнях про вплив величини податкових ставок на масштаби тіньової економіки та податкові надходження. Метою статті є спростувати ці уявлення, на основі використання результатів теоретичних та емпіричних досліджень розкривши неоднозначний характер зв'язку величини податкових ставок із розмірами тіньової економіки та податковими надходженнями.

Здійснено порівняльний аналіз ставок ПДВ, ПДФО, податку на прибуток і соціальних внесків в Україні та країнах ЄС, що дало змогу встановити, що жодна з країн ЄС не запровадила низькі ставки на всі основні податки та соціальні внески, не знизила ставку ПДВ до рівня мінімальних вимог ЄС (15%), не відмовилася від фінансування пенсійних виплат за рахунок соціальних внесків, розподіляючи їх тягар між роботодавцями і працівниками. Проаналізовано вплив величини податкових ставок, податкового навантаження та інших факторів на

[3] **Соколовська, Алла Михайлівна** – доктор економічних наук, професор, завідувачка відділенням НДФІ ДННУ "Академія фінансового управління" (вул. Олеся Гончара, 46/48, Київ, 01054), ORCID: 0000-0002-1022-8215, e-mail: sokolovska_alla@ukr.net

рівень тіньової економіки та встановлено, чому зниження ставок податків не є гарантією зменшення масштабів неофіційної діяльності. Обґрунтовано відсутність безпосереднього зв'язку між величиною податкових ставок та корупцією. На основі аналізу арифметичного та економічного ефектів зниження податкових ставок визначено його неоднозначний вплив на податкові надходження. Здійснено порівняльний аналіз фіскальної ефективності податків, ставки яких пропонується знизити, і податків-компенсаторів та обґрунтовано неможливість компенсації бюджетних втрат шляхом їх підвищення. Зроблено висновок про високі фіскальні ризики радикального зниження ставок бюджетоутворюючих податків загалом та неможливість такого їх зниження під час війни.

Ключові слова: *податкова реформа; податкові ставки; соціальні внески, тіньова економіка; ефекти зниження податкових ставок*