



FINANCIAL AND TAXATION ASPECTS OF TOURISM ACTIVITIES DEVELOPMENT

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ABSTRACT

The subject of the study is the theoretical and practical aspects of the implementation of financial security and taxation of tourism in Ukraine.

The purpose of the paper is to identify the features of financial activity and the taxation specifics of tourist enterprises and to develop practical recommendations for their improvement.

The methodological basis of the paper were general scientific and specific methods of scientific knowledge. The following methods were used: dialectical, monographic, historical, systemic and structural analysis and synthesis, problem-and program-based approaches, determining financial results and tax regulations.

Results of work. The article describes the features of achievement and taking into account the financial results of the activities of tourism enterprises, operators and agents. The specifics of taxation and types of taxes, their disadvantages and advantages are revealed. The directions of improvement of financing, taxation and general activity

are grounded in order to increase the efficiency and competitiveness of the tourism industry in the national, European and global dimensions.

The results application. Conclusions and results of the paper can be used in the educational-scientific process of the economic faculties of higher educational institutions. It is expedient to transfer it to practical use in the management of tourism activities at the enterprise level, the tax administration, in the public organization activities, rural communities.

Conclusions. The disadvantages of tax administration have led to problems such as: low tax culture as a result of disparaging taxpayers' attitudes towards tax payments; widespread use of schemes for tax evasion; significant budget arrears of value added tax refunds.

Therefore, measures for the development and improvement of the financial and tax system for enterprises of the tourism industry should take into account the identified shortcomings and build on the concept of increasing tax discipline by taxpayers on the one hand, as well as to reduce their quantity, volumes, unification from the fiscal service and other relevant institutions, from the other hand.

Keywords: enterprises, tourism activity, financing, taxation, services, tourism market, efficiency, system and structural analysis, management, administration.

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1. INTRODUCTION

The growth of revenues and fees from tourism activities should have great importance for the financial provision of sustainable development of the national economy at the current stage of Ukraine's development. This conclusion is confirmed by world practice. Tourism is the main source of income for almost 40% of the countries and it is one of the five main sources of income for about 80 % of the countries. It is indisputable that in some countries the contribution to GDP from tourism reached 25 % and a positive trade balance in tourism services exceeds 20, bn dollars. The domestic tourism industry by existing financial and economic performance cannot get closer to that level for a long time and expect significant revenues from tourism in the budget.

It should be noted that the government initiative made some steps to improve the situation, developed and adopted a state program of financial support for tourism development in the country, improved legislation. But, along with some positive shifts in solving organizational problems in the business tourism industry, the issue of optimizing the mechanism of financing and taxation of tourist services remain essentially unresolved today. The impact of the current financial and tax systems on the development of tourism enterprises in the country has not yet been fully explored. As a result, tax regulations concerning the features tourist activities are outdated and do not take into account modern requirements.

Analysis of recent research and publications.

The scientific works of many researchers devoted to tourism industry development in domestic and foreign economic literature. In particular, the theoretical and practical aspects of the tourism industry enterprises, organizational and economic mechanisms of their activities investigated by Dankanych T.P., Didenko A.V., Ignatenko M.M., Kifiak V.F., Marchenko O.A., Novoselska L.I., Rozmetova O.G., Romaniuk I.A., Starostenko G.O., Chorniy B.S.,

Yaroviy V.F., and others. However, in-depth developments require justification of methods and forms of their financing and taxation.

The purpose of the paper is to identify the features of financial activity and the taxation specifics of tourist enterprises and to develop practical recommendations for their improvement.

2. THE MAIN RESEARCH MATERIAL

The main factors affecting the revenue level of state and local budgets through tourism activities is a significant tax burden, tax laws imperfect and inefficient system of administration of taxes and fees in the tourism industry. Usually, the legislator ignores the economic expediency of their introduction when introducing specific taxes and fees, changing tax rates due to the need for the fastest filling of public funds, which always have a lack of financial costs.

Now, tourism enterprises pay about fifteen different taxes and fees - national and local. Large tax burden significantly inhibits the development of the tourism industry [1]. Tourism enterprises, unlike from many other enterprises, have not benefits to developing their industrial base or foreign tourism. Our country receives the largest contributions to the development of tourism from foreign investors who are interested in providing quality services to consumers in the European market. Another negative factor that causes a decrease in budget revenues from tourism is the imperfection of the procedure for administering taxes, fees, and other mandatory payments.

Tourist activity in Ukraine has certain features regarding taxation of basic taxes and fees. This is due to the special nature of the operations of travel services, which involve extensive use of mediation schemes and the availability of special provisions in the Law on Value Added Tax and the Law on Income. In accordance with Article 1 of the «Law on Tourism», tourism activity entities include enterprises, institutions, organizations irrespective of the forms of ownership, individuals who are registered in accordance with the procedure established by the current legislation of Ukraine and have a license to engage in activities related to the provision of tourist services. Thus, the person or entity acquires the status of tourism entity subject to the availability of registration and appropriate licenses [2].

Today in Ukraine there are two main types of tourism taxation: a general system of taxation, accounting, and reporting (provided for by the legislation of Ukraine); a simplified system of taxation, accounting and reporting for small businesses. From a tax point of view, the greatest difficulty is the accounting for value added tax and income tax on the provision of travel services [3]. The features of accounting for value added tax at tourist agencies are due to two factors: the nature of the service provided, and the special procedure for increasing tax liabilities and tax credit for intermediary transactions.

Many researchers state that income earned by the state by purely fiscal methods is less significant in comparison with the economic loss suffered by the subjects of market relations [4]. Even under such circumstances, it is important that the company has a real opportunity to assess the impact of taxation on its business results and effectively build its tax policy, ensuring economic growth. They define this phenomenon as a tax burden. The tax burden in tourism is a combination of the burden of export tax for foreign tourists and the internal tax for local enterprises [5]. The World Tourism Organization has identified various types of taxes related to the tourism sector in developed and developing countries.

Fifteen of these taxes are imposed on enterprises of the tourist industry: air transportation – a tax on the use of fuel; hotel / tourist accommodation – tax on turnover, taxation of additional privileges, payment note, excise duty; restaurants – taxes on alcoholic beverages; road taxes – fuel tax; car rental – sales tax; interurban buses – specific additional tax, trade tax, tax on tourist transport; environment – ecotourism tax, carbon tax, waste tax; gambling - betting tax [6].

There are other taxes that are payable by tourists directly: the tax on exit / entry – journey permit / visa for foreign tourist tax / tax resident to leave the country; plane journey - a charge for carriage on an aircraft, a tax on airline tickets; airports / seaports / roads - departure tax, passenger service tax, airport security tax, parking tax, transit taxes, tourist / mountaineering tax; hotel / tourist accommodation – bed tax, lease tax, additional income tax, turnover tax, hotel tax, restaurant, differentiated value added tax rate; restaurants - turnover tax / value added tax; road taxes – road toll; car rental – tax on gasoline / diesel fuel, local municipal tax; bus - trade tax; tourist transport tax; sightseeing – tax on visiting sightseeing [7].

As noted by M. Ignatenko, research the specific taxation of tourism in Ukraine revealed that taxes affect the social and economic activities of enterprises, their profitability, solvency, financial stability, products competitiveness [8]. The level of impact depends on the tax system – the composition of taxes, methods of collection, stability, and perfection of the tax system. The impact of individual taxes on budget revenues and the activity of enterprises depends, first of all, on the tax base, the wider the base of this tax, the more significant may be the power of its influence.

Ukraine tax system is a combination of taxes and fees (mandatory payments) to budgets and state target funds. State taxes and fees include: fee for compulsory state pension insurance, fee for compulsory state social insurance, fee for compulsory state unemployment insurance, fee for compulsory social insurance against accidents and occupational diseases, payment for land (land tax, rent for the land state and municipal property), state duty, value added tax, corporate income tax, including dividends paid to state non-corporatist, state-owned or communal enterprises, personal income tax [9]. State taxes that are specific to various industries related to tourism as an activity are presented in the Table I.

Table 1 Specific State Taxes and Their Contents

Accommodation	Meal	Transport	Leisure	Travel Agencies
a fee for the development of viticulture, gardening and hop harvesting	a fee for the development of viticulture, gardening and hop harvesting	a single fee levied at checkpoints across the state border of Ukraine	a fee for touring events	a single fee levied at checkpoints across the state border of Ukraine
	a fixed agricultural tax	a payment for trade patent for certain types of business activity	a single fee levied at checkpoints across the state border of Ukraine	
	a payment for trade patent for certain types of business activity	a tax on owners of vehicles and other self-propelled machinery and mechanisms	a payment for trade patent for certain types of business activity	
	duty	a fee for special use of natural resources	a fee for special use of natural resources	a fee for special use of natural resources
	excise duty	a fee for pollution charge for the environment	a fee for pollution charge for the environment	a fee for pollution charge for the environment

Local taxes and fees include: advertising tax, utility tax, fee for the right to use local symbols [10]. Local taxes are specific to various industries related to tourism market is presented in Table II.

Table 2 Specific Local Taxes and Their Contents

Accommodation	Meal	Transport	Leisure	Travel Agencies
resort fee	a fee for granting permission to place trade objects	fee for parking	fee for parking	fee for parking
	a sales tax on imported goods		a fee for a local auction, a competitive sale and lotteries	
			a fee from the persons participating in the game on the raffle at the racetrack	
			fee for participation in races on the racetrack	

One of the taxation problems in the tourism industry is its plurality. For example, a tax on advertising, where the subject of taxation is the cost of services for the establishment and placement of advertising, which pays all the subjects of tourism activities: the company for the organization of transportation, another company for organizing tours, as well as a travel company that produces a full tour. These taxes are included in the tour cost. That is, due to transaction costs tourist pays several times more. According to O. Marchenko, the complexity of the tax system functioning is manifested in the analysis of individual taxes that have the greatest impact on the activities of tourism enterprises, in particular, corporate income tax and value added tax [11].

In addition, high rates of value added tax have negative effect on the economic activity of enterprises due to a time gap between the time of payment of this tax in the price of goods or services and the moment of reimbursement from the budget.

Such additional taxation as a tourist fee negatively affects the tourist image of the state and contradicts, as pointed out by V. Yaroviy, as set forth in Article 6 of the Law No. 324 on the principles of development and accessibility of tourism as a priority area of state policy. In addition, this fee does not have a substantial economic basis, since it creates additional expenses for tourism operators in terms of its calculation, collection and transfer procedures, as well as additional expenses for executive authorities for administration [12].

It should be noted that due to exposure of the aggregate deficiencies and risks that exist at the level of activity of tourism enterprises and the tourism industry of the country in general, it became possible to study areas to improve their financing and taxation, other aspects of sustainable development:

1. Evaluation of financial results of tourist enterprises, the definition of the tax base and optimal tax rate.
2. Justification and consideration of the difference in the basis of taxation for the tour operator and travel agent.
3. Optimization the tourism services cost by including advertising costs, which take into account and pay the advertising tax, to its cost.
4. Harmonization of the state governance institutes actions.

5. Overcoming corruption and legalization for the industry: the shadow labor force, the placement of holidaymakers without a tourist tax, personal income tax.
6. Automation of information flow processing.
7. Development of virtual sales.
8. Media coverage of tax rates soundness, public monitoring of the authorities' efficiency regarding the transparency of the budget financing distribution.

3. CONCLUSIONS

The disadvantages of tax administration have led to problems such as: low tax culture as a result of disparaging taxpayers' attitudes towards tax payments; widespread use of schemes for tax evasion; significant budget arrears of value added tax refunds. Therefore, measures for the development and improvement of the financial and tax system for enterprises of the tourism industry should take into account the identified shortcomings and build on the concept of increasing tax discipline by taxpayers on the one hand, as well as to reduce their quantity, volumes, unification from the fiscal service and other relevant institutions, from the other hand.

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