



# **IMPROVEMENT OF TAX LEGISLATION IN THE AGRARIAN SECTOR OF THE ECONOMY OF UKRAINE AS A FACTOR OF FOOD SECURITY**

**Collective monograph**

**Kyiv, 2022**



**Ministry of Education and Science of Ukraine**

**National University of Life and Environmental Sciences of Ukraine**

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The monograph is dedicated to the scientific and legal study of the principles, means and methods of legal regulation of tax relations in the agricultural sector of the Ukrainian economy, the peculiarities of the tax regulation of the agricultural sector of European states, promising directions for the development of domestic tax legislation in the context of the European integration course of Ukraine.

The author's team hopes that it will be interesting and useful for legal scholars, practical tax specialists and all those who are interested in tax legislation and policy in the agrarian sector.

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## **LIST OF ABBREVIATIONS**

JSC is a joint stock company

BCU - Budget Code of Ukraine

ECU - Economic Code of Ukraine

RAGUAM is a regional association of four states: Georgia , Ukraine , Republic of Azerbaijan and Republic of Moldova

EU - European Union

CMU - Cabinet of Ministers of Ukraine

CCU - Constitutional Court of Ukraine

CU – Constitution of Ukraine

UAE – United Arab Emirates

VAT - value added tax

TCU - Tax Code of Ukraine

USA – United States of America

LLC is a limited liability company

FAT - fixed agricultural tax

## INTRODUCTION

One of the unresolved problems at the moment remains ineffective tax legislation in the agrarian sector of the economy, in particular: problems of taxation, budget support, customs regulation of the activities of enterprises in the agrarian sector of the economy, which has an extremely negative effect on the productivity of agrarian producers. The agricultural sector is characterized by the peculiarities of its financial and economic functioning, fiscal potential. At the same time, for the effective implementation of the fiscal function in Ukraine, a qualitatively new level of legal certainty is needed regarding the legislative bases of the activities of subjects of fiscal legal relations, in particular, and primarily, for producers of agricultural products. The state of practical unsettled tax relations in the agrarian sector necessitates a systematic legal study in this area and the development of recommendations for improving tax legislation in the agrarian sector of the Ukrainian economy, taking into account the positive practical experience of foreign countries in this area.

Among domestic scientists who researched certain aspects of legal regulation of tax relations and fiscal function I.M. Vergeles, E.V. Duliba, V.I. Kurylo, I.V. Kurylo, V.V. Mushenok, Nosikova D.M., Paranytsia S.P., Rakula O.V., Tymoshenko A.O., scientists from near abroad L.S. Hrynkevich, Yu. M. Ivanova and others should be mentioned. The issue of the functioning of the agricultural sector was also developed by economists L.I. Kurylo, Y.O. Lupenko, M.I. Pugachev. etc. However, the study of theoretical and practical aspects of legal regulation of tax relations in the agrarian sector of the economy of Ukraine as a factor of food security was not the subject of a separate complex scientific and applied study.

Monograph reveals the development of proposals for the implementation of the norms of tax legislation of foreign countries, the regulation of the agrarian sector of the economy as a factor of the food security of the state. Attention was

paid to the state of theoretical and practical research of the fiscal legal relations of the main branches of the agrarian sector of the economy of Ukraine in the modern conditions of implementation of the provisions of the Strategy for the Development of the Export of Agricultural Products, Food and Processing Industry of Ukraine for the period until 2026, the Strategy for Promoting the Attraction of Private Investments in Agriculture for the Period until 2023, approved by the order of the CMU of July 5, 2019 No. 595 - r, etc.

Considerable attention in the applied project was paid to the disclosure of the modern content of tax legal relations in the agricultural sector of the economy both in Ukraine and in other countries of the world, the problems associated with their existence, the role of executive authorities and state administration in the formation and implementation of state fiscal policy in agrarian sector of the economy of Ukraine, theoretical and practical problems of legal regulation of fiscal relations. Proposals were made in order to improve the norms of tax legislation in the agrarian sector of the economy of Ukraine.

Results achieved by the authors are based on research of European experience and will become the basis for improving tax legislation in the agricultural sector of the Ukrainian economy.

For this purpose, the authors of the monograph researched the principles of public service activity in the fiscal sphere, the fiscal and stimulating functions of tax policy, legal regulation of fiscal relations as a factor of food security, public and tax administration in the agrarian sector of the Ukrainian economy, legal aspects of the influence of agricultural producers on the socio-economic development of the village, as well as the peculiarities of the legal regulation of taxation of agricultural activity in the EU countries, in particular Austria, Poland, the Czech Republic, and their useful component for implementation into foreign legislation. The main orientations of scientific studies of the problems of tax legislation in the agrarian sector of the economy of Ukraine have been determined.



The policy of each state is aimed to ensure the external expression of law in the state. The legal means of ensuring the implementation of state policy are fixed in the form of separately legal norms and are implemented on behalf of the state by authorized state bodies. The specified means of implementation have a state-authority, which has organizing character, and the state policy itself is implemented using legal, financial, economic and social means. The development and improvement of agrarian relations in Ukraine is possible under the condition of regulatory and legal improvement of the means of state policy regarding subjects of the agrarian sector of the domestic economy. The tax policy of our state is dominated by the legally established mechanisms for implementing the fiscal function of taxation - increasing the level of the tax burden on subjects of agricultural production. However, especially in recent years (2016-2021), the implementation of the stimulating function of taxation, which was expressed in the application of legal mechanisms of tax benefits, a simplified taxation system, the use of special tax payment regimes, write-offs and installments of tax debt, etc. is being leveled.

The European vector of Ukraine's development and modern social development of the world requires more active implementation of electronic services in public administration, without which entrepreneurial, scientific, social and public activities, other forms of social activity of citizens cannot develop effectively.

Public service activity in the fiscal sphere reveals the main directions of purposeful activity of the subjects of power in the performance of their main tasks and functions, which are provided by the principles on which the activity of public authorities in the fiscal sphere is based, and which are implemented in order that ensure the realization of rights and duties of taxpayers. Therefore, the study of the principles of public service activity in the fiscal sphere is one of the main problems of implementing the fiscal policy of Ukraine. Solving the problem of principles in the fiscal sphere will make it possible to ensure comprehensiveness, rationality,

openness, transparency, confidentiality, synergy, invariance (universality), effectiveness and efficiency of state administration in the specified sphere.

The rapid transformational changes that are constantly taking place in all spheres of social life are especially acutely affected by the financial and tax systems, which are a kind of «blood-bearing system» for the country's economy, without the effective functioning of which it is difficult to imagine an independent and independent state. Implementation by the Cabinet of Ministers of Ukraine of the policy of the long-awaited and fully justified increase in social standards, at the same time, led that an increase in the expenses of the currently «bloodless» state budget and the need for their systematic financing in conditions of a shortage of relevant resources. Based on the fact that taxes are the main source of the formation of the revenue part of the state budget, the fulfillment by each state, without exception, of the social obligations determine the effectiveness of the formation of public tax policy in general and its effective administration in the relevant field.

The current state of functioning of the agrarian sector of the Ukrainian economy and the determination of its development directions are the result of socio-political, legal and economic transformations that were caused by the establishment of state independence and the change of the administrative-command economy at the turn of the century. The reform of the legislation regulating relations in the agricultural sector was carried out in the direction of further formation of this sector as a competitive one, including on the international market, which would «ensure the food security of the country and a sufficient level of income of the workers in the agrarian sector, as the basis of social stability in the countryside» [1, with. 47]. However, along with the positive aspects of reforming the agrarian sector (abolition of state monopoly ownership of land and means of production, creation of agricultural enterprises of various organizational and legal forms of management and ensuring their independence in the implementation of entrepreneurial initiatives), there was a decrease in the

influence of its subjects on the socio-economic development of the vast majority of rural areas, which contributed to the gradual decline of the village infrastructure.

Everyone as the subject of public relations in Ukraine has the right to freely carry out any economy activity which is not prohibited by law, and that comply with the rules established by the state for carrying out such activities. The state carries out legislative regulation of relations that ensure the observance of rights by all economic entities, creates guarantees of such observance, controls, fulfillment of constitutional and legislative duties and the general level of legality in the activities. In the domestic legal science, the study of various aspects of administrative, economic, tax, and civil protection of economic entities by state executive authorities was carried out by many scientists - representatives of the specified branches of law. At the same time, one of the least researched types of relations between bodies of local self-government and business entities is the interaction between bodies of local self-government and business entities.

Agriculture currently plays a key role in the socio-economic development of rural territorial communities, in particular in the process of ensuring the filling of local budgets with funds, for the following reasons. Agricultural commodity producers are the bridge between numerous subjects of entrepreneurial activity in the countryside. In addition, the fact that such subjects use agricultural land as the main means of production, owning other movable and immovable property ensures the successful implementation of the production process and high labor results. All this affects the size of the proceeds from the sale of agricultural products and other incomes, which in aggregate are the main basis for accrual and payment of tax liabilities, including that local budgets of rural territorial communities.

The study of the legal foundations of the formation of the tax component of the financial base of rural territorial communities must be carried out through a detailed analysis of the legal mechanism for the calculation and payment of

national taxes, which are credited in full or in a certain proportion that the local budget of such a community; local taxes and fees, as well as non-tax payments. The formation of the results of such a study will contribute that the determination of promising directions for the improvement of regulatory and legal regulation of taxation relations of various organizational and legal forms of agricultural producers in the mechanism of filling local budgets with financial resources, as well as the improvement of the tax base of agricultural activity in the countryside, as the effective fiscal element of the legal structure of any tax, with the help of which it is possible to adapt the tax yield to the needs of the rural territorial community.

The financial activity of an agricultural enterprise is associated with many risks, the degree of influence of which on the results of its activity increases significantly with the transition to a market economy. The risks accompanying this activity are allocated to a separate group of financial risks, which play the significant role in the general «risk portfolio» of the enterprise. The increase in the degree of influence of financial risks on the results of the company's financial activity is associated with the constant change in the economic situation in the country and the financial market situation, the expansion of the sphere of financial relations, the emergence of new financial technologies and tools. Tax risks occupy a special place among financial risks.

Taxation of agricultural activity is one of the key factors that can both contribute that the qualitative development of domestic agricultural production and restrain it. In addition, as the experience of the EU member states shows, successfully established taxes in the agricultural sector can help the country adapt to the growing competition in the field of agricultural production. Undoubtedly, stimulating the development of the agricultural industry requires a special taxation regime that would contribute to the formation of a balanced structure of agro-industrial production. A separate important task facing Ukraine today is the increase of the competitiveness of small and medium-sized socially oriented

agrarian business, which, without a doubt, would contribute to the increasing of level of employment of the rural population and increasing of the income of the budgets of rural communities. The study of reform of legislation in the field of taxation of agricultural activity of foreign countries, which has justified itself in practice is useful.

Food security is one of the factors of national security, it occupies an important place in the life of society, since the availability of food is the foundation of human life. For any state, it consists in achieving optimal legal regulation of fiscal relations for national conditions as one of the factors aimed at the optimal supply of the population with high-quality food products, in agreement with medically justified standards. The very task of the state in the process of ensuring food security consists in the development of long-term goals of the country's food security and legal regulation of fiscal relations as a factor of food security. Since the food problem belongs to the global category, the tax strategy should be aimed at forming an effective economic policy for the perspective purposes of taxation of enterprises that ensure the functioning and development of the national agro - food complex. That is, the fiscal relations of the state in ensuring food security directly depend on proper legal regulation and the effectiveness of the system of state authorities, which is an important component of the existence and development of the state as a whole.

Within the scope of the law, there are always spheres in which the vital individual, group and social needs of the human spirit and social development must be satisfied. One among such spheres is the agrarian sector of the economy in Ukraine. Hard to overestimate the value of those tasks for human life, food safety of any society.

Along with this, in all the times existed problems need permanent scientific searching for the solutions for maintenance constancy development and provision welfare for people, food security within certain socio-political and legal systems.

Currently, domestic agricultural enterprises are practically implementing the Ukrainian «road map» of entering the civilized world of the global commodity market, increasing the export of agricultural products to the countries of the EU, China, Israel and the USA. For example, in comparison with 2017 and 2020, trade turnover between Ukraine and the EU increased by 7% to 42.39 billion dollars [2]. At the same time, the practice of the effectiveness of such an intervention of the open Ukrainian agricultural economy requires the solution of systemic (structural), political, social, economic and legal problems in Ukraine. The need for this arises both from the results of the economic activity of agricultural producers, and from the norms defined in international legal acts.

## **CHAPTER 1. FISCAL AND INCENTIVE FUNCTIONS OF TAX POLICY REGARDING SUBJECTS OF THE AGRICULTURAL SECTOR IN UKRAINE**

The policy of each state is aimed to ensure the external expression of law in the state. The legal means of ensuring the implementation of state policy are fixed in the form of legal norms and are implemented on behalf of the state by authorized state bodies. The specified means of implementation have a state-authority, which organizing character, and the state policy itself is implemented using legal, financial, economic and social means of influencing subjects.

State policy of Ukraine, along with a number of existing scientific and applied interpretations of this category, is defined by us as the activity of state authorities and bodies of local self-government ensuring the solution of issues of national and local importance, in terms of stable development of one's own economy, implementation of social priorities of one's state, etc. Implementation of state policy is carried out by such bodies with the help of regulatory measures, laws, budget priorities and affects the standard of living of society [3, p. 246].

The development and improvement of agrarian relations in Ukraine, in our opinion, is possible under the condition of regulatory and legal improvement of the means of state policy regarding subjects of the agrarian sector of the domestic economy. The tax policy of our state is dominated by the legally established mechanisms for implementing the fiscal function of taxation - increasing the level of the tax burden of subjects of agricultural production. However, especially in recent years (2016-2021), the implementation of the stimulating function of taxation, which was expressed in the application of legal mechanisms of tax benefits, a simplified taxation system, the use of special tax payment regimes, write-offs and installments of tax debt, etc., is being leveled off.

Based on the above, *the purpose* of this study is an attempt to analyze the tax policy regarding the agricultural sector of Ukraine and determine the priorities of stimulating taxation in the field of the specified socio-economic relations.

So, first of all, to analyze the essence and types of the main functions of the taxation mechanism in the theory of law, let's turn to the position of M.P. Kucheryavenka, who notes the following: «The functions of taxes, which determine their essence, are derived from the functions of finance and perform the same tasks, but within narrower limits. The fiscal function of taxes is the important function, according to which taxes fulfill their main purpose - saturation of the revenue part of the state budget that meet the needs of society. The stimulating function creates benchmarks for the development of production activity. It can be connected with the application of the mechanism of benefits, change of the object of taxation, reduction of the taxable base» [4, p. 40–41].

It is necessary to detail the following. The fiscal function is the main characteristic of the essence of taxes, that is, it determines their social purpose. The content of the fiscal function is that with the help of taxes, the financial resources of the state and territorial communities are formed, as well as providing objective conditions for the formation of the material basis for the functioning of the entire society [5, p. 45].

The stimulating function in the mechanism of taxation of subjects of the agrarian sector in modern legal science is more revealed through research by a significant number of scientists of the «state support» category - how the state, in the person of authorized bodies, regulated by the current legislation affects agricultural producers of all organizational and legal forms of ownership and management (individual farms, farms, agricultural production and service cooperatives, private joint-stock companies, agricultural holding companies) with the aim of ensuring decent levels of their profitability and profitability of production activities, improving the equivalence of exchange with industrial sectors, as well as improving their financial stability and financial state [6, p. 72].



Research was devoted to the peculiarities of the formation and implementation of tax policy in Ukraine from 1990 to the present time (Laws of Ukraine «On the priority of social development of the village and agro-industrial complex in the national economy» of 17.10.1990 No. 400, «On peasant (farming) economy» of 12.20.1991 No. 2009-XI, «On value added tax» of 03.04.1997 No. 168/97-BP, «On the procedure for repayment of taxpayers' obligations that budgets and state special funds» of 12/21/2000 No. 2181 - III, «On stimulating the development of agriculture for the period 2001-2004» of 01/18/2001 No. 2238-III, «On state support for the agriculture of Ukraine» of 06/24/2004 No. 1877 -I V, «On the main principles of state agrarian policy for the period until 2015» of October 18, 2005 No. 2982-II V, Tax Code of Ukraine of December 2, 2010 No. 2755- VI (with amendments and additions etc.) give reasons to determine, along with its classic fiscal, also stimulating orientation of taxation of domestic subjects of the agrarian sector, which contributed the stabilization of the economy, maintenance of economic balance and competitiveness of this sector by means of regulation of taxation rates and budget expenditures.

So, we note that the state tax policy in the agricultural sector has long been aimed at ensuring its stimulation, in particular, by creating legislative conditions for the development of agricultural production as a result of the introduction of special taxation regimes. An example of our statement was a special regime for payment of VAT: a) regime of accumulation of VAT amounts (separately for crop and livestock products); b) the regime of payment of subsidies by processing enterprises for milk and meat delivered; c) regime of zero VAT rate when selling milk and meat by live weight. Another example was the introduction of a special taxation system - the administration of the FAT. Tax benefits, discounts and other preferences also took place in the system of stimulating taxation of agricultural producers [5, c. 121]).

It is indisputable that state tax incentives for subjects of the agricultural sector contributed to: 1) ensuring food security of our country (supplying the

population with food products at the expense of own reserves), which is an important component of national security; 2) guaranteeing the stability of financial and economic activity of national producers of agricultural products; 3) creation of guarantees for employed employees and self-employed persons in agriculture, taking into account its specifics, related that the seasonality of such production and dependence on natural factors and adverse weather conditions, etc.

However, bodies of legislative and executive power faced with the problem of the need that increase the revenue part of the budget, they solve it by making changes that the TCU regarding the cancellation of special (preferential) taxation regimes, increasing tax payment rates or using other tools that increase the tax burden. In particular, since 2015, the state cancelled the payment of the FAT and replaced it with a single tax (for payers of the IV group) with a significant limitation of the benefits of the simplified taxation system. Since 2016, the effect of the special VAT taxation regime for subjects of agricultural production has been significantly limited [7].

So, activity states in spheres and introduction, legal regulation and organization coping taxes in the legal system of Ukraine is defined as a tax policy. In the process of its implementation, specific functions of taxation are manifested. They determine the essence of such a process in action and are a way of expressing its properties. Proceeding from the essence of the tax as a categorical concept and taking into account the fact that the taxation process acts as a regulatory and legal mechanism for centralizing a part of the value of the national product in the budget that finance public public goods and is a means of redistributing this value, the science of tax law defines the functions of this category: fiscal and stimulating. In the system of legal regulation of taxation of agricultural producers, the implementation of the stimulating function consisted in the legislative establishment of a tax discount, which is deducted directly from the tax amount, and not from the taxable income, as well as in the state budget financing of

agricultural production entities. Currently, such preferences have been significantly limited at the legislative level.

The author's specific proposal for the activation of tax incentives for subjects of the agrarian sector is retention in the version of the TCU, which was in effect until January 1, 2016 [7], the application of a special VAT taxation regime, or at least retention for representatives of the sugar industry and producers of livestock, vegetable, horticulture, and viticulture products. This, we believe, will provide an opportunity that ensure the stable development of the agricultural sector in modern conditions of instability caused by attempts that organize the agricultural land market and the limitation of budget subsidies, the economic inefficiency of bank loans, the rise in prices for material and technical resources and other manifestations of financial instability in the state in the conditions of a difficulty sanitary and epidemiological situation.

Environmental protection is a necessity condition for the preservation of human himself, as a biological and social organism, as well as the environment. Solving a wide range of issues in the field of legal protection of the environment is an important component of improving the system of socio-economic relations in Ukraine, where there is legal uncertainty regarding the optimal ways of establishing the interaction between human and the environment and determining the effective object of environmental taxation.

That is why the purpose of this study is an attempt that improve the domestic system of environmental taxation by using European legal standards in terms of determining an effective object of taxation, which will contribute that reducing the level of negative impact of the production factors of civilization, human and environment.

Consequently, as a result of Ukraine's search for its own path of socio-economic development, the legal mechanisms of domestic taxation are constantly undergoing changes and improvements. The state is trying to determine such objects of taxation, which would bridge accurately agree with the tax psychology

and culture of payers, as well as take into account the size of the tax bases and the solvency of the liable persons.

Based on the analysis of the norms of the TCU, we will carry out a brief analysis of the system of environmental taxation and characterize the legal mechanism of such a basic state-wide mandatory payment as an environmental tax, which is «paid from the actual volumes of emissions into the atmospheric air, discharges of pollution substances into water bodies and disposal of waste, including radioactive» [7].

Implementation of environmental taxation in Ukraine is regulated by Art. 240–250 of Chapter VIII of the TCU, which defines subjects, objects, rates, tax base, sources and terms of tax payment, fines imposed on taxpayers for violating tax legislation [7].

According to Art. 242 of the TCU, the object of environmental tax is: 1) volumes and types of pollutants that: a) are emitted into the atmosphere by stationary sources; b) discharged directly into water bodies; 2) volumes and types (classes) of disposed waste; 3) volumes and categories of radioactive waste generated as a result of the activities of business entities and / or temporarily stored by their producers beyond the term established by the special conditions of the license; 4) volumes of electrical energy produced by operating organizations of nuclear facilities (nuclear power plants) [7].

The environmental tax administration procedure is currently stable. Only in 2019, changes were made in this order regarding the definition of payers who pay environmental tax in terms of obligations for emissions of carbon dioxide into the atmosphere by stationary sources of pollution and the rate of this tax, as well as the obligation for payers of environmental tax to draw up a separate application to the declaration, in terms of obligations for carbon dioxide emissions [8].

Examining the experience of the EU in solving similar problematic issues, we note that in the 2000s, an updated mechanism of environmental taxation was formed, which introduced the minimum rates of taxation of energy carriers and a

system of trading quotas for greenhouse gas emissions, and the generalized object of taxation was defined as a physical unit, which has a specific, proven negative impact on the environment [9].

Environmental taxes in the EU included the following groups of payments:

- 1) energy taxes - taxes on energy products, including coal, oil products, gas, electricity, fuel, etc.;
- 2) transportation taxes - payments for the import, operation, disposal of vehicles, from their sales and sales;
- 3) taxes on environmental pollution - payments for direct emission of pollutants into the air, discharges into water bodies, noise pollution;
- 4) taxes for the use of natural resources - for the extraction of minerals, water abstraction, etc. [10].

It is obvious that environmental taxation in the EU covers a lot wider range of mandatory payments. Energy and transport taxes generate a significant part of revenues in the EU - about 2/3 of all revenues from payments related that the natural environment. Taxes from the use of resources and pollution - provide much less revenue. However, if calculated as a share of the total amount of tax revenues, such revenues significantly exceed state budget revenues from similar payments in Ukraine [11].

It should also be noted that the strengthening of the environmental component in the taxation system, by increasing the rates of environmental payments, does not have support in a number of foreign countries, when such an increase affects the reduction of taxpayers' incomes. However, European society demonstrates an understanding of the need for environmentalization of socio-economic relations by changing the object of taxation. Moreover, environmental taxation for the EU has emerged as a new paradigm for further strengthening of tax pressure. That is, the main idea behind the formation of such taxation was that the environmental payment should be perceived regardless of whether it is a tax, a fee for a limit, or the value of a quota.

The introduced instruments of legal regulation of fiscal environmental policy in the EU provides a broader regulatory policy in various socio-economic

spheres and can influence the stabilization of trends in general issues: climate change, combating air pollution, greening of energy production and consumption, environmental consequences of urbanization, rational land policy, waste management, etc.

However, our state has chosen its own paradigm of development in the matter of building a system of environmental taxation, and regulatory and legal regulation in the field of environmental protection is aimed at ensuring control of the level of pollution.

European environmental taxation is a complex system of various types of tax payments, a mechanism for trading emission quotas, as well as a number of both tax and non-tax incentives. EU business entities pay bridge of their environmental taxes in the price of energy products and electricity they use in their activities, and the amount of emissions is regulated using the quota trading system. The experience of the EU countries shows that the greening of relations in the system of the national economy should take place quite comprehensively. Despite the existing positions in domestic science that «the application of the «polluter pays «principle in domestic practice has not yet revealed all its potential possibilities...» [12, p. 265], the effectiveness of the domestic system of environmental taxation should be determined by a number of criteria such as environmental and economic efficiency, social and political acceptability, and institutional feasibility. In Ukraine, it is necessary to form an updated paradigm of environmental taxation, in particular, to consider the possibility of strengthening the role of such an object of tax burden as an energy carrier and, accordingly, to make changes to Chapter VIII of the TCU. In addition, increasing the rates of environmental tax and other natural resource payments can compensate for the urgent need that liberalize direct and property taxation of domestic producers.

## **CHAPTER 2. PRINCIPLES OF PUBLIC SERVICE ACTIVITIES IN THE FISCAL SPHERE**

The European vector of Ukraine's development and modern social development of the world requires more active implementation of electronic services in public administration, without which entrepreneurial, scientific, social and public activities, other forms of social activity of citizens cannot develop effectively.

As a result of quarantine measures, connected with the spread in the world and on the territory of Ukraine of the acute respiratory disease COVID-19, caused by the SARS-CoV-2 coronavirus, the world has undergone global changes, which became the impetus for revising the approaches to the formation and functioning of the State Fiscal Service of Ukraine.

Public service activity in the fiscal sphere reveals the main directions of purposeful activity of the subjects of power in the performance of their main tasks and functions, which are provided by the principles on which the activity of public authorities in the fiscal sphere is based, and which are implemented in order to ensure the realization of rights and duties of taxpayers. Thus, E. Yu. Sobol notes in his research that public authorities accordingly to EU legislation are a set of state-wide, regional and local state administration bodies, local self-government bodies, their officials, as well as other state and non-state institutions, authorized to perform public functions [13].

The problems of the principles of public administration and public law were studied by well-known specialists in administrative law and state management, in particular V. B. Averyanov, O. F. Andriyko, O. M. Bandurka, PO Baranchyk, T. Birkovich, Yu. P. Bityak, M. Boyaryntseva, O. Jafarova, O. Yu. Drozd, E.V. Duliba, O. Karpenko, V.I. Kozak, V. K. Kolpakov, O. Kuzmenko, D. Krylov, Kurylo V.I., S. M. Levchuk, O. Mashkov, V.V. Mushenok, N. R. Nyzhnyk, O. P. Ryabchenko, E. Yu. Sobol et al. However, despite the considerable number

of scientific developments in the legal and public management literature, there are no comprehensive developments specifically regarding the principles of public service activity in the fiscal sphere of Ukraine.

In Ukraine, public power is characterized by the fact that it accompanies all social processes in society, manages society's affairs, realizes its tasks and goals - serving the Ukrainian people as the only source of power, contributes to the formation of a legal, democratic public power is a secondary (derivative) category from the sovereignty of the people as the source of any form of power formation and the interests of the people must find real embodiment in the activities of all subjects of public power [14, c. 9].

For the development of public service activities in the fiscal sphere of Ukraine and solving problems in this sphere, first of all, we should mention the «Sustainable Development Strategy «Ukraine – 2020», which was approved by the Decree of the President of Ukraine of January 12, 2015 No. 5/2015. The purpose of the Strategy is to introduce European quality of life in Ukraine and ensure leading positions of Ukraine in the world [15]. In scientific literature it is stated that state policy in fiscal sphere touches interests of every citizen and legal entity.

To the system of fiscal spheres, except the central apparatus of Ministry of Finance of Ukraine includes 7 other central executive authorities, which activity directs and coordinates the Ministry of Finance of Ukraine. These central bodies - executive authorities perform separate implementation functions. They include: State customs service of Ukraine, State Audit Service of Ukraine, Management Agency of public debt of Ukraine, State Treasury Service of Ukraine, State Fiscal Service of Ukraine, State Financial Service Monitoring of Ukraine [16]. Regarding the reform of public administration, implementation of new ideologies and affirmations of the new doctrine of administrative law, V. Kolpakov and O. Kuzmenko point out the necessity of restructuring according to new principles of



administrative and legal relations, that is, relations, within limits thanks to which the state satisfies the needs of a person [17, p. 63].

M.A. Boyaryntseva notes that modern approaches to principles of public administration are different from relevant principles of public administration [18, p. 63].

The correct definition is proposed by P.O. Baranchyk, which indicates, that principles of public management (principles activity subjects public administration) are legally fixed by the norms of administrative law and are mandatory and imperative requirements that the state puts forward for actions, activities and measures that are carried out by public bodies and official authorities and are established for the purpose of ensuring compliance with the rights of physical and legal freedoms of persons [19, p. 63].

O.N. Baranchyk indicates that administrative law is traditionally considered as a system of norms aimed at settlement relations in the field of public administration, but today its role and purpose have substantially changed [20, p. 167]. Scientist thoroughly investigates principles of administrative law and principles of public administration. He notes that the principles of administrative law determine the nature of the mechanism of administrative and legal regulation of public relations, the nature of connections, which are formed in the process of this regulation. In turn, the principles of public administration are fundamental ideas which determine the order of organization and implementation of management. You can say that they are legal requirements, mandatory for implementation and compliance in the process of executive activity [20, p. 167].

In particular, N.R. Nyzhnyk, O.A. Mashkov note that the core problem of modern state administration in Ukraine is the problem of production and formation of modern principles of state administration [21, p. 50]. So, research principles of public service activity in the fiscal sphere are one of the main implementation problems of fiscal politicians of Ukraine. The solution of problems of principles in fiscal sphere will allow to provide complexity,

rationality, openness, transparency, confidentiality, synergy, invariance (universality), effectiveness and efficiency of state administration in the specified sphere.

According to V.I. Kozak, service management model focused on optimization state institutes authorities, local self-government and other bodies management, is based on effective provided public services to population with the opportunity of delegation providing functions of public services to public and private sectors [21, p. 2]. He notes that organization of management in this sphere has certain principles. Such principles include:

- the principle of unity;
- the principle of debureaucratization of management systems;
- the principle of promotion efficiency, accessibility and openness of information on activity of public authorities (principle of transparency);
- the principle of unity of criteria for assessing the quality of public services;
- the principle of availability of public services;
- the principle of legalization of procedures for mediation disputes;
- the principle of prevention of corruption;
- the principle of interactive mechanisms of implementation of public control and supervision [21].

Based on the above, there is the necessity of scientifically justified list of principles of publicly service activity of state and relevant bodies of public authorities, which implement authority to benefit of receivers of relevant services.

O.V. Karpenko suggests to consider priority direction of development of public administration in Ukraine, essence of which consists in providing management services to citizens who are theirs recipients - clients (beneficiaries), and state employees and officials of local self-government bodies - by providers (executors) that implement these services on behalf of the state [22, p. 142]. In particular, S.O. Shaikheta notes that the essence of service-oriented approach to public administration is that state institutions should provide more quality service

to citizens through the use of modern digital technologies granting management services [23, p. 64]. All this will allow the tax payers to interact with available information products, not from employees fiscal spheres. For this, on the part of the state, it is necessary to support stimulation and development of digital technologies, in particular, systems of cultivation of digital skills at the level of primary, secondary and higher education. It is important for this to consider the possibility of receiving education for older people who will be able to get additional education (knowledge) that would correspond to their needs and interests, use new ones opportunities digital technologies [24, p. 91-92].

According to O.V. Jafarova [25, p. 90] principles of functioning of public administration bodies you can present in the following groups:

- principles of formation of public administration bodies;
- general principles of activity of bodies of public administration (are mandatory for all states that wish to join the European administrative space);
- procedural principles of public administration bodies [26, p. 91-92].

O.V. Yevsyukova notes that methodological value in this context are principles of proper democratic governance, which include the following:

1. Honest elections, representation and participation, in order to ensure real opportunities for all citizens to have their own voice in the decision of public affairs.

2. Sensitivity in order to ensure that power sensitively respond to the legal expectations and needs of citizens. Goals, rules and procedures must be adapted in accordance with the expectations and needs of citizens.

3. Efficiency and effectiveness, to ensure the achievement of goals and at the same time the most rational use of available resources.

4. Openness and transparency in order to provide public access to information and facilitate understanding how things are done.

5. Rule of law to provide fairness, impartiality and predictability.

6. Ethical behavior to provide preference to public interests over private ones.

7. Competencies and ability to provide ability to representatives and officials persons to perform their duties.

8. Innovation and openness.

9. Stable development and long-term orientation results to consider interests of future generations.

10. Reliable financial management to provide thrifty and productive using public funds.

11. Human rights, cultural diversity and social rally to provide security and respect for all citizens, when no one is discriminated against or excluded.

12. Accountability to ensure that representatives and officials of local authorities took responsibility and were held accountable for their own actions [26].

Considering the above, as well as on the basis of analysis of normative and legal acts which regulate public service activity in the fiscal sphere of Ukraine, it is worth to turn attention to the historical character of the principles of administrative law and principles of public administration. However, you should note that in the process of historical development of society, social and national structures have changed approaches to their understanding, but actually principles remained unchanged. It is impossible to create, change or, on the contrary, to cancel them.

Principles of public service activity in the fiscal sphere of Ukraine conditionally can be divided into general and special. The main general principles are: the principle of legality, the principle of democracy; the principle of legal pluralism; the principle of priority of human rights and freedoms etc.

Special principles of public service activity in fiscal sphere has realization. The complex nature of fiscal spheres conditions availability of big quantity

subjects of public administration, which have certain organizational structure, and activity which directs and coordinates Ministry of Finance of Ukraine.

So, everyone from subjects of public administration in the fiscal department sphere is separate part of the only one functional systems subjects of public administration, has appropriate legal status which is determined by laws and focused on activities based on and for public enforcement of the law.

Improvement of public service activity in fiscal sphere is based on compliance principles. This, in turn, will allow to reduce corruption by all directions, to achieve simplification of taxation and customs procedures, transparency and facilitation of management of small and medium-sized enterprises and improvement of investment climate in the state, support export growth and simplification of international trade procedures, promotion efficiency of the labor market.

Mandatory condition increase informative cultures population as a whole, and the employed population in particular, there is creation of the state wide network, increase of qualifications and retraining in the field development of informative technologies.

### **CHAPTER 3. PUBLIC ADMINISTRATION IN THE SPHERE OF TAXATION OF THE AGRICULTURAL SECTOR OF UKRAINE**

Modern rapid transformational changes, which are constantly taking place in all spheres of social life, are especially acutely affected by the financial and tax systems, which are a kind of «blood-bearing system» for the country's economy, without the effective functioning of which it is difficult to imagine the state as independent entity. Implementation of the CMU's policy of the long-awaited and fully justified increase in social standards at the same time led to an increase in the expenses of the currently «bleedless» state budget and the need for the systematic financing in conditions of a shortage of relevant resources. Based on the fact that taxes are the main source of the formation of the revenue part of the state budget, the fulfillment by each state, without exception, of the social obligations assumed by itself depends on the effectiveness of the formation of public tax policy in general and its effective administration in the relevant field in private.

Proskura K.P. in his monographic study, examines the «mechanism of tax administration» not only due that the presence of institutionally regulated rules regarding the procedure for collecting taxes and encouraging their voluntary payment, but also due that the active use of economic levers and various incentives in the taxation process, taking into account the methodology that includes the application analytics and forecasting regarding tax revenues [27, p. 5-6].

In confirmation and importance of the above, especially in the conditions of functioning of the domestic agricultural sector, Korenyuk P.I. states that «supporting sustainable economic growth is a complex socio-economic problem, the solution of which requires fundamental changes in all spheres of social life» [28, p. 237]. Active use of somewhat spontaneous forces of the market and competition in the economic development agreement is not possible without a

well - founded establishment of a system of restrictive and regulatory elements that prevent the negative impact of the market on the state economy as a whole. This approach, as the scientist notes, is implemented in countries with a fairly developed market economy, in which the leading role belongs to the regulatory function of the state, which is implemented using various methods, among which the tax regulation itself occupies a prominent position [28, p. 237]. Based on almost the greatest importance of the «agricultural sector» in ensuring food security, and not only in Ukraine, especially in the conditions of a rapidly growing number of inhabitants of our planet, which requires more intensive work of agrarians in the cultivation of products, their processing and effective sales, it can be seen that tax administration in the domestic agrarian sector of the economy is extremely important and requires the development of a system of effective regulators and optimization mechanisms on the part of the state [29]. After all, it is the state support of the agro-industrial sector that is the key to its sustainable development and ensuring the food security of the country as a whole.

Separate issues of public administration issues in the field of taxation of the agrarian sector of Ukraine were dealt with by a significant cohort of domestic scientists from various fields of science, including: I.V. Hyrenko (Kurylo), I.I. Konyeva, P.I. Korenyuk, V.I. Kurylo, Mushenok V.V., Naumenko A.O., Proskura K.P., Poznyakov S.P., Slyusarenko S.V. and many others.

In particular, Kurylo V.I., Gyrenko (now Kurylo) I.V. and Mushenok V.V. the tax burden was considered as a restraint factor in the development of agricultural production in Ukraine [30]; Mushenok V.V. studied the stimulating effect of legal regulation of taxation of agricultural producers [31]; Poznyakov S.P. studied the possibilities of improving the legal regulation of infrastructural support for the economic development of the agrarian sector of the economy of Ukraine [32]; Slyusarenko S.V. analyzed the concept and content of administrative and legal provision of optimization of financial regulation of the agrarian sphere [33] and land tax as a means of ensuring optimization of financial

regulation of the agrarian sphere [3 4]; Naumenko A.O. studied the trends and prospects of state financial support of the agro-industrial complex of Ukraine [35]; Koneva I.I. researched the state and strategy of development of state financial support of enterprises of the agrarian and industrial complex [36]; Proskura K.P. – effectiveness and directions of modernization of tax administration in Ukraine in post-crisis period [3]; Koreniuk P.I. –peculiarities of tax regulation of the agricultural sector [4]. However, certain problematic issues in terms of public administration of taxation of the agrarian sector, in particular, from the point of view of legislative amendments, still remain relevant and urgent and require in-depth scientific analysis. That is why it is relevant that study the problems of public administration in the field of taxation of the agricultural sector of Ukraine at the current stage.

In order that fully reveal the concept of public administration in the field of taxation of the agrarian sector, it is appropriate that analyze the category «public administration», which is relatively new for the scientific, normative and applied nature of application within the boundaries of domestic legal science, however, in a certain way, unified and accepted as a standard in adaptation of domestic science and law-making techniques that international rules.

In the specialized dictionary-handbook on public administration, of 2016 edition, in the context of a narrow understanding, «public administration» is considered as «the professional activity of civil servants, which includes all types of activities aimed at the implementation of government decisions, as an interdisciplinary academic field based he theories and concepts of economics, politics sciences, sociology, administrative law, management. In the broadest sense, by «public administration» the authors of the mentioned work understand the entire system of administrative institutions with a hierarchical structure, with the help of which responsibility for the implementation of state decisions descends from top that bottom» [37, p. 128]. At the same time, even taking into account the more complete disclosure of the content of the specified category in a broad sense,



the bridge important institutional component at the current stage, which is local self-government bodies, is excluded from the definition of the popular reference dictionary.

In contrast that this, the scientific article of V.B. Averyanov, dated as early as 2003, clearly defines all the bridge important institutional components of the public administration system, taking into account local self-government bodies. In particular, under the concept of «public administration», the leading scientist understands «a set of executive power bodies and local self-government bodies that are subordinate that political power, ensure the implementation of the law and perform other public management functions» [38, p. 117]. At the same time, a significant cohort of scientists-researchers of the problems of public administration notes that the specified scientific category is only a component of a broader concept - management, which, in turn, consists in the implementation of a certain action in order that achieve the set goal [39, p. 9].

The authors of the textbook he public administration, edited by A.F. Melnyk. believe: «... that administration is methods and techniques, actions of direct and mandatory determination of people's behavior and activities by the relevant governing components of the state. The mentioned methods are the part of the state body or official have a direct influence he the will of the executors by establishing their duties, norms of behavior and instructions, unilaterally affect the solution of problems, the resolution of situations, which is subject of mandatory execution, requiring an undisputed order and instructions, establishing for failure that fulfill legal responsibility» [40, p. 105].

From what has just been defined, it is clear that «public administration «is a multifaceted category associated with such integral structural elements as: power, state, politics and its formation and implementation, public, state and civil administration, etc. Therefore, «public administration in the field of taxation of the agrarian sector «is a complex and multi-faceted and multi - structural process of the relevant public institutions regarding the provision, organization and

coordination of the activities and functioning of subordinate links and processes assigned to them.

Public management in the field of taxation is carried out through the system of tax administration, namely: the system of its integral and interconnected elements, which include: forecasting and planning of tax revenues; organization and regulation of tax relationships; implementation of tax consulting; implementation of tax control; control over tax debt and constant implementation of modern tax administration technologies.

One of the key tasks in the context of the reform of the agro-industrial sector of the economy, Korenyuk P.I. considers the creation of an effective tax mechanism as one of the institutions of the market economy, which allows, on the one hand, to solve the problematic issues of increasing budget revenues at various levels, and on the other hand, to promote the development of economic entities both in the agro-industrial sphere and in the state economy in general. After all, the weight of the agricultural sector in the economy of Ukraine is quite significant and amounts to about 9-13% of the gross added value and is one of the main budget-forming components of the domestic economy, the share of which in the budget of our country in recent years is approximately 20%, and in the structure of exports - more than 25%. However, the main thing is that, according to the scientist: «... almost half of the gross production of agriculture today is produced in households» [28, p. 237].

At the same time, the modern development of the economy creates new factors that affect the processes of public administration in the field of taxes both in general and in the agricultural sector in private. Moreover, these same factors affect both the formation of tax revenues (the basis is fiscal efficiency) and the cost of tax administration. The main tasks in the field of tax administration are a quick response to the structural transformation of the economy, transformative transformations and ensuring the high effectiveness of the introduction of modern information technologies in taxation [27, p. 7-8].

The regulatory and legal foundations of tax administration in our country are determined by the Tax Code of Ukraine and other legal acts in the field of taxation. Thus, the CMU by making changes in accordance with the Law of Ukraine No. 404-VII of 04.07.2013 [41], supplemented by clause 14.1.1<sup>-1</sup>, according to which «the administration of taxes, fees, customs payments, a single contribution that the universal state social insurance (single contribution) and other payments in agreement with legislation, the control of compliance of which is entrusted to supervisory bodies» is defined as a set of decisions and procedures of supervisory bodies and actions of their officials, which determine the institutional structure of tax and customs relations, organize identification, accounting taxpayers and taxpayers of a single contribution and objects of taxation, provide service for taxpayers, organization and control over the payment of taxes, fees, payments in agreement with the procedure established by law [42].

Naumenko A.O. quite rightly points out that «the system of tax benefits, which operated in Ukraine for the agricultural industry, has caused many complaints in recent years due that its low efficiency. In addition, the taxation system was changed in 2015, and in 2016, the system of special VAT regime for farmers was changed, in particular, a significant part of tax benefits for agricultural production enterprises was reduced, revised or completely cancelled. The country's chosen path that European integration also makes adjustments that this process» [35, p. 102-103]. In addition, the scientist claims that: «The goal of the modern agrarian policy of our country is to guarantee the food security of the country, to establish the priority development of agro-industrial production, to create a modern competitive agro-industrial production, to enter the agro-industrial market of the world. Of course, none of these directions can be implemented without state financial support for the development of the agrarian sector of the economy. According that Ukrainian legislation, the specific weight of expenditures financing agriculture must be at least 5% of the expenditure part

of the State Budget» [3 5, p. 103]. The real volumes of financing are far from reaching the indicators just mentioned.

By its very nature, the tax system is the important instrument of the state's influence on agrarian relations, which unites the entire system of relevant taxes. Thus, taxation of subjects of the agrarian sphere is a component of the agrarian policy of the state as a whole. Taxes, with optimal forms and sizes, are more effective and, to a lesser extent extent, those that stimulate inflation, in contrast that other public financial levers. At the macro level, the tax impact on agricultural production is one of the important methods of indirect regulation of the corresponding kind of prices.

Therefore, Koreniuk P.I. believes that «it is this that gives reason that believe that the regulation of the taxation system should be the main function of the state in the regulation of the agrarian economy. In developed countries, the practice of differentiated taxation of agricultural producers is used. So, there are several taxation systems in France, and agricultural organizations that are not engaged in retail trade and industrial activities have the opportunity that choose one or another procedure for paying value added tax. All this indicates the need that use more flexible approaches that establishing tax benefits and quotas in the agrarian sector of the national economy.... In particular, there are enterprises that pay 60-70% of the amount of tax payments, and there are those that pay them in the amount of 5 to 12% (because they have found for themselves «tax holes «in the legislation and are able to develop effectively). Reducing the tax burden on agricultural enterprises, according to that the scientist, should have a positive effect on the economic growth of the agricultural sector and the domestic economy as a whole» [28, p. 238].

The problem of reducing the tax burden has been extremely relevant for quite a long time time. However, the reduction of taxes in itself will only cause non-compliance with the revenue part of the state budget. Therefore, it is important to have a systematic approach to this issue and rules that are transparent

and maximally unified and adapted that the specifics of different directions and conditions of agricultural production, equally applied on all subjects of the agricultural sector. At the same time, the important issue is the fair distribution of the tax burden.

In light of the above, the Decree signed by the President of Ukraine after a month-long delay «On the reduction of the VAT rate of certain types of agricultural products», approved by the Verkhovna Council of Ukraine last year, which caused fierce disputes among participants in the agricultural market and ambiguous assessments by experts, looks somewhat controversial, can significantly reduce the revenues of the state budget of the current year and is aimed at promoting the development of large agricultural holdings in the first place. In particular, it provides that the value added tax (VAT) rate should be reduced from 20 to 14% when supplying, exporting and importing certain types of agricultural products into Ukraine. These are primarily raw materials (wheat, barley, oats, rye, sunflower seeds, rapeseed, corn, flax, soybeans, sugar beets, cattle, etc.), which are mainly exported directly or through processing and, for the bridge part, do not reach end consumer in Ukraine. The bridge significant share of these goods is raw material for goods, the export of which provides Ukraine with leading positions on world agricultural markets and is a «fund «for ensuring food security of our country. It is considered more expedient to change the VAT itself for goods of final consumption or that agricultural products that are ready for consumption, for example, fruits and vegetables [43].

Thus, accordingly that the forecast estimates of the scientists of the Institute of Agrarian Economics, if the existing trends, in particular, in the domestic seed industry, are preserved, as well as against the background of a decrease in state support for domestic breeding, the import of foreign seeds that our country may increase three times, namely, to 1.5 billion dollars, and over time lead to the complete displacement of domestic varietal products from the seed and planting

material market, which, in turn, has potential risks for Ukraine's food security in general and its export opportunities in particular [44].

Summing up, we note that the modern priorities of public administration in the field of taxation of the agrarian sector of the economy of Ukraine should be a formed statesman's position, aimed primarily at the implementation of: a simplified, and at the same time, fair and transparent taxation procedure; taking into account the specifics and features of conducting domestic agrarian business depending on the natural and territorial components; ensuring the need for updating the active part of the material and technical base, taking into account the appropriate tax regulation of agricultural production (development of a simplified tax mechanism, the so-called «portfolio of benefits / preferences», etc.).

Based on the importance of the «agrarian sector «in ensuring food security, and not only in Ukraine, especially in the conditions of a rapidly growing number of inhabitants of our planet, tax administration in the domestic agrarian sector of the economy is extremely important and requires the development of a system of effective regulators and optimization mechanisms with sides of the state». After all, it is the state support of the agro-industrial sector that is the key to its sustainable development and ensuring the food security of the country as a whole. At the same time, the direction of such state support should primarily concern small agricultural enterprises and the provision of an appropriate investment and innovation platform for the development of the domestic agricultural sector.

## **CHAPTER 4. LEGAL CHARACTERISTICS OF THE INFLUENCE OF AGRICULTURAL PRODUCERS ON THE SOCIO-ECONOMIC DEVELOPMENT OF THE VILLAGE**

### **4.1. Legal aspects of the influence of agricultural producers on the socio-economic development of the village**

The current state of functioning of the agrarian sector of the Ukrainian economy and the determination of its development directions are the result of socio-political, legal and economic transformations that were caused by the establishment of state independence and the change of the administrative-command economy at the turn of the century. The reform of the legislation regulating relations in the agrarian sector was carried out in the direction of further formation of this sector as competitive, including he the international market, which would «ensure the food security of the country and a sufficient level of income of the workers of agrarian sector, as the basis of social stability in the countryside» [1, with. 47].

However, along with the positive aspects of reforming the agrarian sector (abolition of state monopoly ownership of land and means of production, creation of agricultural enterprises of various organizational and legal forms of management and ensuring their independence in the implementation of entrepreneurial initiatives), there was a decrease in the influence of its subjects he the socio-economic development of the vast majority of rural areas, which contributed that the gradual decline of the village infrastructure.

A significant number of works by domestic representatives of various branches of law, such as N.A. Berlach, O.V. Gafurova, K.A. Kotukh, T.M. Kravtsova, V.I. Kurylo, M. Yu. Kravchuk, V.V. Mushenok, O.S. Ryzhenko, O.P. Svitlichnyi, Yu.M. Stativka, A.Yu. Trygub, V.Yu. Urkevich, V.Z. Yanchuk and many others.

However, despite the existence of a significant number of studies and proposals for the implementation of specific legal, organizational, and economic measures that increase the efficiency of the agricultural sector, we consider it necessary to investigate the administrative and legal means of ensuring the positive impact of agricultural activities on the development of rural areas and improving social - economic and other conditions of the rural population.

That is why the implementation of a theoretical analysis of certain norms of the main laws of Ukraine, which regulate relations in the agricultural sector, on the subject of their completeness and effectiveness in ensuring the influence of agricultural producers on the socio-economic development of the village and generalizing about the possibilities of improving the specified legal relations is an urgent theoretical and legal issue.

So, adhering that the scientific position is the need that ensure at the legislative level the influence of agricultural producers on the socio-economic development of the village, we argue for it by characterizing the common features of the production activity of such subjects and the social infrastructure of rural areas. Note that in the theory of domestic administrative law, such unity is defined as «the commonality of the territory (as the spatial basis of agricultural production and residence of rural residents); unity of the population (villagers are usually engaged in agricultural production); community of social and labor interests of the rural population, as they are directly interested in the development of agricultural production and the social infrastructure of rural areas» [45, p. 91].

Justifying the author's scientific position regarding the need that currently strengthen the role of agricultural sector entities in the socio-economic development of the village, we will analyze individual norms contained in the laws of Ukraine that regulate relations between the functioning and development of the agricultural sector.

Let's begin the study of the mentioned problems with the analysis of the Law of Ukraine «On the priority of social development of the village and the agro-



industrial complex in the national economy», which was adopted in 1990 with the aim of ensuring the priority of the development of the social sphere of the village and the agro-industrial complex, promoting the social security of the rural population. As a result of the analysis, it was established that in the initial period of the process of Ukrainian state formation and the formation of the basic principles of administrative and legal regulation of social relations in the village, the agricultural producer could receive compensation for the construction of social infrastructure facilities, which he carried out with his own funds (Article 6) [46].

That is, during the period of independence, the state's stimulation of agricultural producers, as subjects of the development of the social infrastructure of the village, did not contain other incentives, except for the reimbursement of costs for the construction of social facilities from the state and local budgets. However, this method of promoting the socio-economic development of the village gradually lost its effectiveness due to the reorientation of the budget funds of the state budget to other needs, and «in conditions of excessive concentration of tax revenues and other revenues in the state budget, local budgets were financially unable to provide such compensation [47, with 78].

However, in 2003, with the adoption of the Laws of Ukraine «On Farming» and «On Personal Peasant Farming», the level of methods of influence of subjects of the agricultural sector on the socio-economic development of the village was increased, as well as the administrative and legal mechanism of joint activities of farms and bodies was regulated by local self-government. We argue the above-mentioned author's position by characterizing individual norms of the mentioned laws.

The Law of Ukraine «On Farming» dated June 19, 2003 defines the economic and social aspects of the creation and operation of farms, and also contains regulations ensuring the social protection of farmers. The law also contains a mechanism for local self-government bodies that provide assistance

that farms at the expense of local budgets: 1) on an irrevocable basis for the construction of production and non-production facilities, housing, land management measures (Article 9); 2) on a revolving basis for a period of up to five years for the construction and reconstruction of industrial and non-industrial premises, including residential, establishment of perennial plantations, development of credit and agricultural cooperation, irrigation and land reclamation (Article 11) [48].

The Law of Ukraine «On Personal Peasant Farming» of May 15, 2003 also defined the economic and social aspects of the influence of such farms on the development of rural areas. The law states that local self-government bodies, within the limits of their powers, support individual peasant farms: 1) in the organization of credit unions and agricultural cooperatives in rural areas, including for the provision of services for procurement, storage, processing and sale of agricultural products, joint use of technical and means of transport and social and household services, provision of fodder and young livestock and poultry; 2) in the organization of activities for the provision of engineering and technical, veterinary, agronomic, zootechnical and other services, as well as services for the provision of varietal seeds, planting material, breeding and productive livestock, hybrids and crosses of poultry, agricultural machinery and equipment; 3) in obtaining loans for the construction of housing, farm buildings and structures, the purchase of agricultural machinery and equipment; 4) in the organization of professional training and retraining of members of the staff peasant economy in rural areas (p. 10) [49].

According to the above-mentioned law, a personal peasant farm is an economic activity that is carried out by a natural person individually or by persons who are in family or family relations and live together, with the aim of satisfying staff needs through the production, processing and consumption of agricultural products, the sale of their surpluses and provision of services using the property

of a staff peasant farm, including in the field of rural green tourism (Article 1) [49].

Based on this legislative definition and taking into account the problems of our research, it can be noted that each member of a staff peasant economy is simultaneously: on the one hand, a resident of the corresponding village, a member of the territorial community and, on the other hand, an agricultural producer as a subject, who is directly interested in the socio-economic development of his village. That is why I supported personal peasant farms, which are carried out according to regional programs at the expense of local ones budgets, and should be considered nothing more than a measure that help ensure the maintenance of social and economic development of the village by staff peasant farms.

In our opinion, the activities of farmers and staff peasant households in their close cooperation with local self-government bodies, which will systematically attract funds from local budgets, extra-budgetary and non-state investment funds, that will become the basis of the socio-economic development of the village in the near future.

In the context of our research, we will pay attention to the Law of Ukraine «On State Support of the Agriculture of Ukraine» of June 24, 2004, which, although it does not contains direct regulations he the methods of influence of agricultural producers and rural development, nevertheless defines the foundations of state policy in various spheres of state administration and stimulating the production of agricultural products, development of the agricultural market, ensuring food security of the population» [50].

Let's analyze the definition of «local needs» in this law as the needs of a territory community in the amount of agricultural products for their consumption by budgetary institutions and organizations, the maintenance of which is carried out at the expense of local budget funds within the limits of the territorial community's own or delegated powers (Article 2) [50]. That is, the legislator

determines the indirect method of influence of the subjects of the agricultural sector, the socio-economic development of the village through providing the needs of their territorial community with products of their own production on a paid basis.

Determining the basics of state policy in the field of agricultural production, the Law of Ukraine «On State Support of the Agriculture of Ukraine» contains norms of administrative and legal regulation of relations between subjects of the agrarian sector and local authorities, and also defines the role of the state in this process. In our opinion, the prospect of such cooperation can be contractual consolidation of a significant number of mutually beneficial conditions for each of the parties. For example, the agricultural producer receiving advance payment from the territorial community for the future supply of agricultural products as an additional attraction of financial resources in own production and returning these funds through the local taxation system, etc.

The final valid legal act on the topic of our study is the Law of Ukraine «On the Basic Principles of State Agrarian Policy for the Period Until 2015» of October 18, 2005, which regulates, among other issues, the social development of the countryside in the national economy [51]. This law defines the directions of implementation of socio-economic priorities of village support through support of the income level of agricultural producers with the help of subsidies from the state and local budgets: for separately economic needs, for regions with unfavorable natural and climatic conditions, for the creation of infrastructure and institutions of the village (Article 4) [51].

As a result of the conducted research, we note the following. Currently, there is no comprehensive legislative act in the regulatory and legal system of Ukraine that would regulate the relations between subjects of the agrarian sector and local self-government bodies, as well as their joint actions regarding the socio-economic development of rural areas. Under such conditions, the strengthening of the commercialization of agricultural production leads that an

increase in the income of the subjects of the agricultural sector, with a simultaneous decrease in their social responsibility. Under such a variant of the development of the industrial and social situation in rural areas, the depopulation of the village and the degradation of its potential will accelerate. At present, the way that overcome such negative consequences that involve subjects of the agricultural sector of various organizational and legal forms of management (agricultural enterprises and their associations, etc., and especially - farmers and staff peasant farms) in the implementation of the process of socio-economic development of the village. The specified activity should be implemented in close cooperation with local self-government bodies, which can find opportunities that attract funds from local budgets. The proposed administrative-legal mechanism for the influence of agricultural producers of the socio-economic development of the village should find legislative confirmation in the new law on the development of agriculture and rural areas for the relevant period, which should be developed and adopted as a single comprehensive strategy in the system of state policy for the development of the agrarian sector economy of Ukraine.

#### **4.2. Powers of bodies of local self-government to protect the rights of economic entities**

In our country, the Constitution guarantees that a person, his life and health, honor and dignity, inviolability and security are recognized as the highest social value. Ensuring the rights and freedoms of people and their guarantees determine content and direction of state activity. Also, «the only one the source of power in Ukraine are people who carry out power both directly and, in particular, through bodies of local self-government (Part 2 Art. 5) [52].

Everyone is the subject of public relations in Ukraine and have the right to freely carry out any economy activity which is not prohibited by law, and that comply with the rules established by the state for carrying out such activities. The

state carries out legislative regulation of relations that ensure the observance of rights by all economic entities, creates guarantees of such observance, controls, through the provision of appropriate competence that the bodies of state executive power and local self-government, their fulfillment of constitutional and legislative duties and the general level of legality in their activities.

In the domestic legal science, the study of various aspects of administrative, economic, tax, and civil protection of economic entities by state executive authorities was carried out by many scientists - representatives of the specified branches of law, such as I.V. Aristova, O.M. Bandurka, Gurzhii T.O., Zakharchuk A.S., Kositsya O.O., Kurylo V.I., Kucheryavenko M.P., Mushenok V.V., Nikitenko V.O., Oliynyk O.V., Yu.S. Petlyuk, O.Yu. Piddubny, D.S. Piddubna, G.L. Shvedova and many others.

However, one of the least researched types of relations between self-government bodies and economic entities is the interaction of local self-government bodies and economic entities, which arouses the interest of the author and is the purpose of this study.

The authors define the main task of the research as conducting an interdisciplinary analysis of regulatory legal acts of constitutional law (CU [52]), economy law (CCU [53]), administrative law (Law of Ukraine «On Local Self-Government in Ukraine» [54]), on the basis of which that establish and group the existing legally fixed spectrum of directions for the protection of the rights of business entities by local self-government bodies, which, in the opinion of the author, can contribute to increasing the level of protection of the rights of such entities, especially in regions far from the center, and will also ensure mutually beneficial cooperation of all sub entities of territorial communities and comprehensive development of rural regions.

Therefore, «local self-government is the right of a territory community that resolve issues of local importance within the boundaries of the CU and the laws of Ukraine» - this is exactly the interpretation made by the Constitutional Court

of Ukraine in its Decision in case No. 1-16 /2002 No. 12-пп/2002 of 18.06.2002 [55]. Article of Art. 140 of the Civil Code specified the procedure for implementing the right of local self-government and defined the subject composition of its bodies: «local self-government is carried out by the territorial community in the manner established by law, both directly and through local self-government bodies: village, settlement, city councils and their executive bodies» [52].

In accordance with its preamble, the ECU, in agreement with the CU, establishes «the legal basis of economic activity (management), which is based on the diversity of economic entities of different forms of ownership» [53]. Fully understanding that in agreement with Art. 2 ECU, «participants of relations in the field of business are business entities, consumers, state authorities and local self-government bodies, endowed with economic competence, as well as citizens, public and other organizations that act as founders of business entities or carry out organizational - economic powers based on property relations» [53], we define the subject of our research as «administrative and other management relations with the participation of economic entities, in which local self-government bodies are entities endowed with economic competence, and do not directly carry out organizational - economic powers in relationship to the business entity» (paragraph 5, clause 1, article 4) [53].

That is, we analyze the management (administrative) relations of local self-government bodies with economic entities as participants in economic relations, which carry out economic activities, realizing economic competence (a set of economic rights and obligations), have separately property and bear responsibility for their obligations transactions within the limits of this property, except for the cases provided for by law (business organizations - legal entities, state, communal and other enterprises, citizens of Ukraine, foreigners and stateless persons who carry out economic activities and are registered in agreement with the law as entrepreneurs (item 1, Clause 2 of Article 55) [53].

Therefore, the above analysis of the norms of the Constitution and the ECU gives grounds for making an intermediate generalization that local self-government bodies (rural, settlement, city councils and their executive bodies) have organizational and legal powers that ensure the fulfillment of rights and control the fulfillment of the duties of sub objects of management.

In our opinion, the achievement of the task of establishing a legal established range of directions for the protection of the rights of business entities by local self-government bodies is possible with further analysis of the norms of the Law of Ukraine «On Local Self-Government in Ukraine» [54].

The powers of the territorial community of the village (village) directly or through the local self-government bodies formed by them regarding business entities registered or carrying out their activities within the jurisdiction of a certain community are defined in the Constitution of Ukraine:

- approval of socio-economic and cultural development programs and control over their implementation;
  - approving the budgets of the relevant administrative-territorial units and monitoring their implementation;
  - establishment of local taxes and fees in agreement with the law;
  - receipt in accordance with the law executive authorities (Article 143) [52].
- within the limits of the powers defined by law, make decisions that are binding on the relevant territories (Article 144) [52].

Another important source that determines the powers of local self-government bodies that protect the rights of business entities is the Law of Ukraine «On Local Self-Government in Ukraine» of 05/21/1997 No. 280/97-VR, which, in agreement with the Constitution of Ukraine, defines the system and guarantees of local self-government in Ukraine, principles of organization and activity, legal status and responsibility of bodies and officials of local self-government [55].



Quite important in the context of our research is the protection of the rights of business entities by local self-government bodies. The relations of local self-government bodies with enterprises, institutions and organizations that are not communally owned by the respectively territorial communities:

1) are built on a contract and tax basis and the basis of control within the limits of the powers granted to local self-government bodies by law (clause 1);

2) enterprises, institutions and organizations shall, at their request, provide relevant information on issues within their jurisdiction (clause 2);

3) may take the initiative in inspections, organize their conduct, and when exercising powers in the field of control over compliance with the legislation on labor and employment of the population, carry out inspections at enterprises, institutions and organizations, as well as individuals who use the labor of hired workers (p. 3) [54].

Therefore, the analysis of the above-mentioned norms of the Law of Ukraine «On Local Self-Government in Ukraine» provides grounds for specifying the rights of business entities which protection must be guaranteed by local self-government bodies:

- that participate in the creation, discussion and promotion of the implementation of socio-economic and cultural development programs of the settlement or region in which the relevant subject carries out its economic activity or its employees live;

- that participate in the discussion and support the implementation of the budgets of the relevant administrative and territorial units;

- for an application with justification for establishing adequate rates of local taxes and fees, as well as obtaining tax benefits or other preferences for them (full or partial exemption from payment);

- that receive a postponement or deferred payment of local taxes or fees on a mutual basis beneficial contractual basis with the possibility of monitoring the fulfillment of contractual obligations by both parts;

- non-distribution of the provided information he indicators of the financial and economic condition and other confidential information;
- the right that legitimate inspections in the field of monitoring compliance with the legislation he labor and employment of the population.

As a conclusion that this study, we note that ensuring the growth of business activity of business entities, the development of entrepreneurship, increasing the efficiency of social production, its social orientation in agreement with the requirements of the Constitution of Ukraine, the establishment of social economic order in the economic system of Ukraine is impossible without active rule-making, management and control activities of local self-government bodies. Lawful activity of local self-government bodies that detect, within the limits of their legislative competence, violations of the norms of the current legislation of Ukraine will contribute to the protection of the interests of legitimate business entities, as it will stop the commission of offenses by unscrupulous entities, as well as form a stable basis for the implementation of measures that ensure human rights in various spheres of social existence and will guarantee the observance of relevant socio-economic rights and freedoms.

Fully agreeing with the position of domestic scientists V.I. Kurylo and V.V. Mushenok that «the state's strategy requires changes in the field of finance, which must be focused he the region, because the market economy requires a significant increase in the use of financial resources in the territory of their creation» [56, p. 50], we note that the right that local budget support and preferential taxation with local taxes and fees should be actively exercised for business entities. However, currently, along with the strengthening of the financial basis for the development of territorial communities, local self-government bodies must ensure the set of rights defined by us and other territorial business entities for the formation of a favorable industrial, informational, investment, environment within the community, which, in turn, will actively contribute that social - the economic development of such a community.

The prospect of further scientific research on the topic chosen by the authors of this study can be the study and formation of an effective administrative and legal mechanism for the establishment of constructive interaction between local self-government bodies and local state administrations, as representatives of the state executive power in the regions, in the field of implementing measures for the joint protection of the rights of subjects management and creation of a system of guarantees of such protection. Also, in order to improve the level of effective joint implementation of such measures by them, it will be necessary to ensure the completeness and perfection of the regulation of the relevant status and competence of the mentioned bodies, to improve the procedure for the delegation of powers, to clarify the scope of their competence at the level of the basic laws of Ukraine «On Local Self-Government in Ukraine» [54] and «On local state administrations» [57], as well as special legislative acts, which provide for the implementation of the mentioned competence in certain areas, their harmonization among themselves.

#### **4.3. Mandatory payments of subjects of the agricultural sector to local budgets as the basis of the financial base of rural territorial communities**

Currently, in Ukraine, local self-government is the right and opportunity of a territory community within the limits of current legislation, along with the implementation of other competencies, to ensure the development of economic relations in its own territory, in particular, that strengthen the material base and modernize the infrastructure of the territory of its own settlement. The modern mechanism of normative and legal regulation of the process of power decentralization at the legislative level offers such a management system, under which part of the functions of state (central) authorities are transferred that local self-government bodies.

The effectiveness of the implementation of the administrative powers of local authorities of territorial communities can be ensured if there is a sufficient amount of financial resources at the disposal of local budgets, which, in agreement with the BCU, will contains revenues for the implementation of the powers of local self-government bodies. Such receipts, together with expenses, constitute a single balance of the corresponding budget, and the composition of the revenues of the general fund of the budgets of rural, settlement, and urban territorial communities is made up of tax and non-tax payments [58].

Agriculture currently plays a key role in the socio-economic development of rural territorial communities, in particular in the process of ensuring the filling of local budgets with funds, for the following reasons. Agricultural commodity producers are the numerous subjects of entrepreneurial activity in the countryside. In addition, the fact that such subjects use agricultural land as the main means of production, owning other movable and immovable property ensures the successful implementation of the production process and high labor results. All this affects the size of the proceeds from the sale of agricultural products and other

incomes, which in aggregate are the main basis for accrual and payment of tax liabilities, including that local budgets of rural territorial communities.

In particular, the socio-economic crisis caused by the Covid-19 pandemic unfolded in Ukraine from March 2020, that is, after the sowing of winter crops, accordingly, it did not affect the decisions of agricultural enterprises regarding sowing areas and the use of fertilizers in the fall. In addition, global demand for agricultural products remained more stable than demand for industrial products and services. Certain fluctuations in the exchange rate of the national currency did not significantly affect the level of competitiveness of domestic agricultural products in foreign markets. However, the economic crisis affected the ability of the subjects of the agrarian sector that obtain affordable loans, which were necessary for the purchase of various types of fertilizers and means of weed control for the successful implementation of the spring sowing campaign. The specified financial and economic situation negatively affected the quantitative and qualitative composition of the harvest, and will also have an impact on the production activity of agricultural sector subjects, especially for small and medium-sized subjects, which, in particular, are farms.

Carrying out a thorough study of the efficiency of the modern specifics of the distribution of tax revenues from the subjects of the agrarian sector to the local budgets of rural territorial communities is impossible without a comprehensive analysis of the mechanism of the formation of the rural tax base. That is, the study of the legal foundations of the formation of the tax component of the financial base of rural territorial communities must be carried out through a detailed analysis of the legal mechanism for the calculation and payment of national taxes, which in full or in a certain proportion are credited to the local budget of such a community; local taxes and fees, as well as non-tax payments. The formation of the results of such a study will contribute to the determination of promising directions for the improvement of regulatory and legal regulation of taxation relations of various organizational and legal forms of agricultural producers in the

mechanism of filling local budgets with financial resources, as well as the improvement of the tax base of agricultural activity in the countryside, as the bridge effective fiscal element of the legal structure of any tax , with the help of which it is possible to adapt the tax yield that the needs of the rural territorial community.

The process of effective formation of local budgets of territorial communities, as an important mechanism in the legal system of Ukraine, depends on the completeness and effectiveness of regulatory and legal support for a significant number of the specified and approximated socio-economic relations: 1) assistance to the budget process by instruments of various branches of law: administrative, financial, economic, agricultural, etc.; 2) interaction of state and administrative-territorial administration bodies; 3) mutual conditionality of financial (budgetary, tax) and economic relations in the state; 4) effectiveness of control over accumulation and spending of public funds, etc.

Individual elements of the above-mentioned legal structure, with the aim of forming proposals for solving the problem, were studied by domestic scientists in their works. In particular: 1) a comparative legal analysis of the Ukrainian experience and achievements of the EU member states in the area of implementation of the basic principles of fiscal policy was carried out by V. Kurylo, Ye. Duliba, I. Kurylo, V. Mushenok (2020) [59]; 2) L. Deshko, A. Berlach, O. Radyshevska (2019) [60] analyzed the prospects of implementation of international administrative and financial and legal standards in the legislation of Ukraine. 3) topical issues of legal and organizational support of tax administration were considered by T. Gurzhii, E. Kovalenko (2017) [61]; 4) ways of modernization of state financial control were outlined by N. Novikova, L. Deshko, A. Gurzhii (2018) [62]; 5) certain aspects of responsibility for offenses in the sphere of socio-economic relations were studied by V. Kurylo, V. Mushenok, O. Mashevska, F. Kholostenko, A. Syra (2020), O. Karmaza, S. Sarana, A. Nefedova (2019) [63; 64].

At the same time, the issue of the legal foundations of state protection and support of agricultural sector entities as fillers of local budgets of rural territorial communities, in the context of constant changes in the priorities of the legal regulation of taxation in the domestic economic system, is becoming more and more urgent, and therefore requires a more detailed study.

The purpose of this study is to carry out an analysis of the legal foundations of the administration (calculation and payment) of tax payments of different organizational and legal forms by subjects of the agrarian sector that the budgets of rural territorial communities and the formation of proposals for the theoretical, legal and practical improvement of measures, methods of ensuring the income part rural local budgets in Ukraine.

In the course of the research: an analysis of international (European Charter of Local Self-Government) and domestic (CU, BCU, TCU, Law of Ukraine «On Local Self-Government in Ukraine», Law of Ukraine «On the State Budget for 2021», Law of Ukraine «On Farming», etc.), of normative legal acts that comprehensively regulate the relationship of accrual and payment of mandatory (tax and non-tax) payments by subjects of the agrarian sector, local budgets and determine the composition of revenues of the general fund of budgets of rural territorial communities as the basis of their financial base was carried out. The latest research results of domestic scientists on the issues of budgetary and tax relations and administrative and legal support of the agrarian sector, which were published in foreign and domestic scientific periodicals, were used. Empirical basis of the research consists of statistical materials and political and legal journalism of specialized agrarian online publications, references materials of financial experts of the Ukrainian Agrarian Business Club and legal periodicals of quantitative and qualitative indicators that reflect the state of state policy implementation in the agrarian sector of the domestic economy, as well as ensuring the decentralization of power in the state.

The methodological basis of the research is a system of philosophical (dialectical), general scientific (formal-logical, analysis and synthesis) and special scientific (historical-legal, comparative-legal, logical-semantic, systemic-functional) methods of scientific knowledge, the use of which provided a high degree of the reliability of the obtained results regarding the further development of domestic legislation that increase the effectiveness of the influence of the subjects of the agrarian sector, the filling of rural budgets with financial resources, as well as the implementation by local self-government bodies of a set of practical actions that ensure the expansion of the tax base within their territorial communities. The application of the dialectical method made it possible to investigate the social relations of the budgetary and tax interaction of the subjects of the agrarian sector with rural territorial communities, that identify patterns and trends in the development of such relations. With the help of the formal-logical method, the norms of the current legislation, which ensure the implementation of the studied relations and the dynamics of its development, were analyzed. The application of the method of logical analysis and synthesis made it possible to highlight the regularities of the fiscal orientation of the legislative regulation of the filling of rural budgets.

The combination of historical-legal and comparative-legal methods made it possible to reveal the influence of specific historical, social, economic, political, production and legal factors. The logical-semantic method of scientific research contributed to the development of the conceptual - categorical apparatus and improvement of the main concepts of research. The use of the system-functional method contributed to the study of the elements of relations regulated by various branches of law that form a holistic picture of the influence of subjects of the agrarian sector, as payers of mandatory payments that local budgets, on the formation of the financial base of rural territorial communities and the implementation of the policy of decentralization of power in Ukraine.



The declaration of Ukraine's independence, the adoption of the Constitution of Ukraine, and the formation of a democratic, European-tradition-oriented system of legal regulation of socio-political and economic relations in our country became a prerequisite for the development of the processes of democratization of public administration. An integral element of the state regulatory and legal regulation of socio-economic transformations in Ukraine became the recognition and guarantee of international standards of local self-government, which was formed as a legal institution with a legally established powers in the area of financial and budgetary regulations.

In agreement with the prescription of the European Charter of Local Self-Government, «local self-government bodies must have the necessary amount of their own resources to fulfill the assigned powers, and part of their financial resources must come from local taxes or fees, the rates of which these bodies determine within the limits of the law» [65], the Constitution of Ukraine enshrines: 1) the material and financial basis of local self-government.... (Article 142); 2) assigning to the local budget in the manner prescribed by law separately nationwide taxes (paragraph 3 of Article 143) [52].

In accordance with the CU, the legal principles of the functioning of the budget system of Ukraine, its principles, the basics of the budget process and inter-budgetary relations and responsibility for violations of budget legislation determines the codified national legal act - the BCU, analysis of Art. 64 of which makes it possible to determine «the composition of the income of the general fund of the budgets of rural, settlement, urban territorial communities» [58].

In connection with the completion of the administrative-territorial reform in Ukraine and to continue the process of implementing advanced foreign experience in the organization and implementation of local self-government, in 2020 the VRU legislated the holding of local elections to 1,420 newly created territorial communities on the new territorial basis of communities and districts [66]. In addition, in order that ensure the functioning of the newly created

territorial communities, the provisions of the budget legislation were brought into line by means of changes to the BCU in terms of the transformation of the structure of the budget system and the budget powers of local self-government bodies.

The Act of Ukraine «On State budget for 2021» [6 7] provided with the same budget powers for all newly created territorial communities and as a resource provision, specific payments has been determined, which will become the tax base for the formation of local budgets of such communities.

In the context of ensuring the goal of the research of the role and place of agricultural sector subjects in the formation of local budget revenues of rural territorial communities, we note that such subjects are the largest payers of tax and non-tax payments to local budgets for a significant number of rural territorial communities. Therefore, in order to justify and detail our position: 1) we will characterize the subjects of the agrarian sector as potential taxpayers that the local budgets of territorial communities; 2) based on the study of the norms of the TCU [68], we will provide a brief analysis of national and local taxes and fees, as well as non-tax mandatory payments (according that the TCU), which are included in the local budgets of territorial communities.

Therefore, in agreement with Art. 15 of the TCU, taxpayers are natural persons (residents and non-residents of Ukraine), legal entities (residents and non-residents of Ukraine) and their separately subdivisions that own, receive (transfer) objects of taxation or conduct activities (operations) that are subject of taxation in accordance with TCU or tax laws [6 8].

In the context of this study, in order to substantiate the position that subjects of the agricultural sector belong to the main taxpayers, let's turn to the official statistical data and the total amount paid by such tax subjects constantly is growing. In 2017 agricultural producers payed UAH 45.865 billion to the consolidated budget. In 2018 - UAH 47.5 billion. From the first half of the year 2019 year, the payment amount was 21,232 billion hryvnias. In terms of

individual taxes, the following taxpayers paid in 2019: personnel income tax and military service - UAH 7,571,974.5 thousand; income tax – UAH 542,436.4 thousand; rent – UAH 642,216.2 thousand; excise tax on goods produced in Ukraine - UAH 2,473.4 thousand; VAT on products produced in Ukraine goods - UAH 8,259,366.8 thousand; property taxes - UAH 2,163,171.0 thousand; ecological tax – UAH 41,779.0 thousand [69].

In our opinion the agricultural sector has favorable prerequisites for the recovery of the rural economy after the «coronacrisis» by stimulating related and auxiliary business entities that have suspended the pace of activity as a result of the current pandemic: construction of elevators and other specialized agricultural premises, repair and service of agricultural machinery; logistics services for transportation of agricultural products, their processing, sale, etc.

Considering the socio-economic analysis of the situation in the agrarian sector, statistical indicators of its functioning and taking into account the theoretical and legal provisions of the TCU, we will try to characterize the subjects of the agrarian sector of various organizational and legal forms as the main payers of taxes, fees and mandatory non-tax payments of rural areas in a comparative legal aspect.

Based on the statistical data proposed by R. Hrab, we note that in 2017 there were 45,500 subjects of various organizational and legal forms in the agricultural sector of the Ukrainian economy, including: business associations - 7,000; private enterprises - 3.2 thousand; agricultural cooperatives - 0.5 thousand; farms - 34.1 thousand; state enterprises - 0.2 thousand; enterprises of other forms of business - 0.6 thousand [70].

Based on the above, it should be summarized that currently in the agrarian sector, a fair common form of organization of production activities is business partnerships, which are mainly represented in joint stock companies and limited liability companies. Such subjects of agricultural management can be both national and foreign or with foreign investments. Using the norms of the ECU,

which establishes, in agreement with CU, the legal basis of economic activity (management), which is based on the diversity of economic entities of various forms of ownership, we will characterize the specified organizational and legal form of the entities of the agrarian sector.

Therefore, the authorized capital of JSC» is divided into a certain number of shares of equal nominal value, and shareholders are responsible for the obligations of the company only within the limits of the shares owned by them. The founders of such companies can be both natural and legal entities» (clause 2 of Article 80). LLC is a «business company that has authorized capital, divided into shares, the size of which is determined by the founding documents, and is responsible for its obligations only with its property. Company members who have paid their contributions in full bear the risk of losses related that the company's activities within the limits of their contributions» (clause 3 of Article 80). Private enterprises are «legal entities that operate on the basis of private property and can be founded by citizens of Ukraine, as well as foreigners, stateless persons» (clause 1 of Article 113) [71].

Accordingly, a feature of a private agricultural enterprise is that such an enterprise operates on the basis of the private ownership of citizens or a business entity (legal entity) for the means of agricultural production (land and other material resources, intangible assets), or by using (renting) someone else's property, and also with the use of own and / or hired labor.

Enterprises of collective form of ownership included different types of cooperatives. The bridge common of them are production and service agricultural cooperatives. « A production cooperative can be formed exclusively by natural persons for joint production or other economic activity on the basis of their mandatory labor participation for the purpose of obtaining profit \_ A service cooperative is formed by individuals and / or legal entities that provide services mainly that members of the cooperative, as well as that other persons for the purpose of carrying out their economic activities «(Article 2) [7 2].

In agreement with the Law of Ukraine «On Farming», farms are subjects of the agricultural sector, which are created «for the implementation of citizens' initiatives regarding the production of marketable agricultural products, their processing and sale on the domestic and foreign markets, as well as that ensure rational use and protection of farm lands, legal and social protection of farmers of Ukraine» [73].

From the point of view of the characteristics of farms as subjects of the formation of the tax base of rural territorial communities, it should be noted that such management is «a form of entrepreneurial activity of citizens who have expressed a desire that produce marketable agricultural products, carry out their processing and sale with the aim of obtaining profit on the land plots, given that they have the right of ownership and / or use, including for rent, for farming, commercial agricultural production, personnel peasant farming, in agreement with the law» [73].

Large agricultural producers in Ukraine («the balance sheet value of assets - more than 20 million euro net income from the sale of products (goods, works, services) - more than 40 million euro the average number of employees - more than 250 people» [74] choose a holding organizational and legal form of economic activity.

Giving a characterization of the subjects of this organizational and legal form of agricultural management, Yu. O. Lupenko and M.F. Kropyvko define an agricultural holding as «a business partnership or association - a legal entity that owns, uses and disposes of corporate rights (shares,) of two or more corporate (including agricultural) enterprises, and also uses agricultural land, including land shares granted to citizens of Ukraine for conducting agricultural activities under lease rights» [75, p. 16].

At the current stage of decentralization of power, the growth of the quantitative indicator of the receipt of funds that local budgets from the payment of taxes and fees, as well as the solution of the problems of increasing the employment of the rural population, the growth of the socio-economic level of

ensuring their livelihood, are influenced not only by subjects of the agrarian sector (legal entities and their associations), but also natural persons-entrepreneurs, individual peasants and households of the rural population, engaged in production, primary processing and sale of agricultural products.

Summarizing the above-mentioned theoretical and legal information, we note that the characterized subjects are quantitatively the widespread organizational and legal forms of agricultural management of legal entities (their associations) and individual entrepreneurs in rural areas. As payers, they have the status of «local resident», since their production activities are carried out on the territory of a certain rural territorial community (district, oblast, or several regions of Ukraine), and their management bodies are permanently located there (in the vast majority of cases).

After analyzing the statistical data on the quantitative indicators of the receipt of funds from the payment of taxes by subjects of the agrarian sector that the consolidated budget of the country and the legal status and organizational and legal forms of functioning of such subjects, which are the main payers of taxes and fees that the local budgets of rural territorial communities, we will continue study of the peculiarities of the modern regulatory and legal regulation of the formation of the financial base of such communities, by studying the structure of the legal mechanisms of national taxes, the funds from which are paid, including by subjects of the agrarian sector, in agreement with Article 64 territorial communities) of BCU, are fully or partially included in local budgets. We will also note the interest rate of such enrollment, which in 2021 is determined by the Law of Ukraine «On the State Budget for 2021» [6 7].

1. Personal income tax persons (60%) is a direct national payment, based on taxation which is common taxable income of the tax payer (natural person, tax agent), i.e. any income which is subject to taxation, accrued (paid, provided) for the benefit of this payer tax for reporting tax period.

2. Income tax of enterprises and finance institutions communal ownership (100%) is a direct nationwide payment, the payers of which are legal entities (that municipalities and enterprises and financial institutions), formed competent body of local self-government in administrative order and is included in the scope of management, which conduct economic activity as on the territory of Ukraine and beyond its borders and receive income (money expression between cost implemented production and expenses for its production).

3. Rent is a national payment that represents income from property, which are paid tenants to the owners of material unproduced assets (land and subsoil) for the right to use these assets for a certain period and in accordance to the Code of Ukraine, rent is divided as follows: 1) special using forest resources: a) of state importance (main use logging) (37%), b) local value (100%); 2) for special water use of water objects of local value (100%); 3) for the use of subsoil for extraction useful minerals: a) national value (5%), local value (100%); for the use of subsoil for extraction oil, natural gas and gas condensate (3%).

4. Excise tax of the sale by business entities of retail trade of excisable goods (100%) is an indirect state-wide tax of the consumption of certain types of goods (products) determined by the PC of Ukraine as excisable, which is included in the price of such goods (products) when selling such goods in the process carrying out commercial activities in shopping centers, salons, stores, etc. [68].

Confirmation of the author's position that one of the main (in the vast majority - the main) group of payers in the tax territory of the rural community are subjects of the agrarian sector which can also be argued by carrying out a more detailed description of the object and the tax base of individual national taxes that according to the Law of Ukraine «On the State Budget for 2021 «are fully or partially included in local budgets.

For example, with regard to staff income tax, subjects of the agricultural sector are not taxpayers, but act as tax agents. Therefore, regardless of: 1) organizational and legal status; 2) method of taxation with other taxes; 3) forms

of accrual (payment, provision) of income (in monetary or non-monetary form), etc. are required to accrue, withhold and pay tax, as well as 1) keep tax records; 2) submit tax reporting that the controlling authorities; 3) bear responsibility for violations of tax legislation.

Based on this, to ensure an effective source of filling the local budgets of rural communities and a fairer interregional distribution of taxes, the proposal that transfer the staff income tax paid by subjects of the agrarian sector, or at least farms and agricultural service cooperatives, from the category of state-wide in local taxes.

Continuing the analysis of the modern tax base of local budgets, it should also be noted that this base also includes non-tax payments, which, in the vast majority of cases, are 100% credited that the budgets of rural territorial communities. Let's pay attention that those non-tax payments that, under certain circumstances, can be paid by subjects of the agrarian sector:

1) part of the net profit (income) of communal unitary enterprises and their associations, which is allocated that the corresponding local budget - is paid by the agricultural enterprise formed by the competent body of local self-government in an administrative order he the basis of a separate part of communal property and is included in the scope of its management;

2) administrative fines and other sanctions - paid by agricultural producers as the main administrative (monetary ) penalty for citizens, officials and legal entities who have committed an administrative offense;

3) fees for licenses for certain types of economic activity and certificates issued by executive bodies of local councils and local executive bodies - paid by agricultural producers who can carry out certain types of activity, namely: foreign economic activity, production and trade of ethyl alcohol, cognac and fruit alcohol, alcoholic beverages and tobacco products; construction, etc.

4) administrative fee for: a) state registration of legal entities, natural persons – entrepreneurs, and public organizations; b) state registration of property



rights that immovable property and their encumbrances; c) provision of other administrative services;

5) state duty - paid by the founders or the subject of the agrarian sector in case of carrying out relevant registration or other actions or receiving relevant services;

6) rent for the use of communal property and water objects (parts thereof), concession payments for communal property objects - paid by the subject of the agricultural sector in the case of leasing such objects and in the case of contract-based temporary exploitation of natural resources, economy objects belonging that the territorial (rural) community [68].

In the context of the study of the role and place of agricultural sector subjects in the formation of rural budget revenues, we note that such subjects can be the largest payers of both the tax and non-tax payments listed above, as well as local taxes, which are fully credited that the local budget of the village territorial community: 1. property tax, which consists of: 1.1) tax on immovable property, other than land 1.2) transportation tax 1.3) payments for land 2) single tax [68].

In agreement with the proposed TCU, we will analyze the structure of the legal mechanisms of local taxes and fees, as well as the peculiarities of the formation of the tax base of rural territorial communities by subjects of the agrarian sector (legal entities and natural persons-entrepreneurs) when calculating and paying such taxes. (Local fees: the fee for parking spaces and the tourist fee are not significant legal mechanisms for forming the tax base of rural budgets, and therefore are not considered in this study).

#### 1. Property tax:

1.1. Tax on immovable property other than land (as part of property taxes) - is paid by subjects who are owners of residential and / or non-residential real estate objects.

1.2. Transport tax (as part of property tax) is paid by subjects who have their own passenger cars registered in Ukraine in agreement with current

legislation, from the year of manufacture no more than five years (including) have passed and average market cost of which there are more than 375 sizes minimal wages established by law on January 1 of reporting year.

1.3. Real estate tax is paid by the owners of land plots, land shares and land users of such objects; the basis of taxation is: normative monetary valuation of land plots taking into account the indexation coefficient determined in agreement with the PC of Ukraine and the area of land plots, the normative monetary valuation of which has not been carried out [65].

2. The single tax is paid by entities that meet the requirements established by the TCU and are divided into four groups. It is advisable to focus special attention to the analysis of payers of the IV group, which are agricultural producers: a) legal entities, regardless of their organizational and legal form, in which the share of agricultural production for the previous tax (reporting) year is equal to or exceeds 75 percent; b) natural persons-entrepreneurs who conduct, in agreement with the Law of Ukraine «On Farming» [72], activities exclusively within the boundaries of farming. The basis of taxation is the normative monetary valuation of 1 hectare of agricultural land (arable land, hayfields, pastures and perennial crops) taking into account the indexation coefficient determined as of January 1 of the base tax (reporting) year in accordance with the procedure established by this Code for payment of land tax [68].

Therefore, the analysis of the legal mechanisms of the functioning of national taxes, which are credited in full or proportionally that the local budget, local taxes, as well as non-tax payments as sources of the formation of the financial base of local budgets of rural territorial communities and the peculiarities of taxation of subjects of the agrarian sector with such taxes, gives grounds for generalization, which fully coincides with the position of the domestic legal scientist V.V. Mushenok that the above-mentioned payments should be considered for rural territorial communities «the main source of income, which forms the basis of the formation of financial resources of local budgets» [76, p.

94]. However, local taxes, and especially fees, need further improvement of their tax mechanism, especially the object and basis of taxation in agreement with the modern realities of socio-economic existence of the village.

Summarizing the current state of legal support for the functioning of tax mechanisms for the formation of the financial base of rural territorial communities in Ukraine and the prospects for their improvement, it should be noted that the timeliness and completeness of the receipt of funds that local budgets directly depends on the further state policy regarding subjects of the agrarian sector. Currently, the tax policy trends of recent years regarding such subjects are marked by a pronounced fiscal direction, although they have not yet led that catastrophic consequences. After extensive regulatory and legal support for the growth of the tax base of the consolidated budget, the livestock sector of agriculture is steadily in a state of crisis. The horticulture industry generally maintains profitability and ensures positive dynamics of the functioning of agricultural sector entities. However, the effectiveness of crop production «is reduced due to the raw nature of the activity and the low added value of products» [77].

Analysis of the state of legal regulation of taxation relations of subjects of the agrarian sector indicates insufficient effectiveness of the general spectrum of state regulation of agrarian legal relations. Taking into account the specifics of agricultural activity (the duration of the production cycle, limited purchasing power, the disparity of prices for products and means of their production, dependence on natural and climatic conditions, etc.), we make proposals regarding the key directions of the formation of a general paradigm of taxation of subjects of the agricultural sector: 1) ensuring the stability of tax legislation and restoring its stimulating function (sample of 1998–2016); 2) prevention of discrimination between subjects of the agrarian sector of different organizational and legal forms; 3) building a tax base based on an acceptable tax burden and taking into account the seasonal profitability of production; 4) formation of a system of objective benefits and preferences in the taxation of small agricultural producers, etc.

In the context of solving the problem of increasing the amount of the tax base of rural budgets, the authors provide practical (legislatively fixed) proposals for rural local self-government bodies regarding the activation of the following work.

1. Creation of agricultural enterprises on the basis of a separate part of communal property, which will be part of the management sphere of the powers of the village self-government. Such enterprises, effectively carrying out agricultural activities, will receive profit and will pay in full that the local budget of the rural territorial community: a) income tax of enterprises and financial institutions of communal ownership; b) part of the net profit (income) of communal unitary enterprises and their associations. It should be added that a significant reserve for ensuring the profitable activity of communally owned agricultural enterprises is the lease that them based he the decision of the relevant village council of unallocated land plots and unclaimed shares (shares) for their intended use he the basis of lease agreements for such plots.

2. agricultural entities or investors that their own tax jurisdiction, with whom that jointly register agricultural enterprises with foreign investments in the form of companies (JSC, LLC). After all, subjects of the agrarian sector, even when elected simplified systems and taxation, may act as payers of income tax upon payment income (profits) of a non-resident from the source of their origin from Ukraine and in certain other cases determined by the PKU [6 8].

3. Election for rural enterprises of the communal form of ownership, in particular production and service cooperatives, general and simplified system of taxation, accounting and reporting. Agricultural commodity producers as payers of a single tax (group IV) will be taxed accordingly that the simplified system, which is a special mechanism for the payment of taxes and fees, which replaces the payment of individual taxes and fees with the payment of a single tax with simultaneous maintenance of simplified accounting and reporting. The above-mentioned subjects can take advantage of the possibility of tax optimization of

financial resources and reduction of the level of burden on the employees of their own accounting and financial division. Agricultural commodity producers and other rural enterprises, as taxpayers of taxes and fees under the general taxation system, in the event of a tax liability, that is, in the presence of an object of taxation (use of natural resources, turnover from the sale of goods), can contribute to the formation of the tax base of local budgets of rural territorial communities by paying rent for the special use of forest resources and water of water bodies, as well as excise tax when carrying out retail trade of excise goods in their own trading establishments, etc.

As a result of the research conducted on the legal mechanisms of calculation and payment by subjects of the agrarian sector of tax payments, which are credited to local budgets and provide the basis of the financial base of rural territorial communities in Ukraine, the following was established. One of the main directions of legal regulation of socio-economic relations in the formed paradigm of decentralization of power in Ukraine should be provision of local budgets of rural territorial communities with their own financial resources. After all, such resources are the main tool with which local self-government bodies can influence the local activity of the community, create conditions for the economic and social advancement of the territory of their jurisdiction, etc. However, the peculiarities of the formation of modern tax policy have created conditions under which only certain national and local taxes and fees, as well as certain non-tax payments, have a rational fiscal direction and can contribute to the filling of local budgets at the required level. Taking into account the above, theoretical and legal proposals are provided regarding the paradigm of further development of domestic tax legislation that increase the effectiveness of the influence of the subjects of the agrarian sector on the filling of rural budgets with financial resources. In the conditions of growing demand and prices for agricultural products on world markets, in the conditions of the general economic crisis caused by the Covid-19

pandemic, a set of practical actions that ensure the expansion of the tax base within their territorial jurisdictions is proposed for local self-government bodies.

Prospective directions for further research by domestic and foreign scientists on this issue is the further search for other effective mechanisms for the formation of an integrated system of legal support in compliance with the basic principles of building local fiscal policy in Ukraine accordingly to international legal standards, taking into account the traditions acquired by the Ukrainian peasantry.

#### **4.4. Financial risks of agricultural producers**

The financial activity of an agricultural enterprise is associated with many risks, the degree of influence of which on the results of its activity increases significantly with the transition to a market economy. The risks accompanying this activity are allocated to a separate group of financial risks, which play the bridge significant role in the general «risk portfolio» of the enterprise. The increase in the degree of influence of financial risks on the results of the company's financial activity is associated with the constant change in the economic situation in the country and the financial market situation, the expansion of the sphere of financial relations, the emergence of new financial technologies and tools. Tax risks occupy a special place among financial risks [78].

The concept of «risk» means the degree of potential opportunity for the entity that suffers financial or other losses as a result of negative deviations from the expected results, which are based on the current legal norms and are taken into account by the entity when making decisions.

As for the term «tax risk», the following definition is taken as a basis: «Tax risk should be understood as the theoretical probability that, as a result of certain actions of the taxpayer, certain payments that the budget may not receive in full or late. «Also, in the methodological recommendations of the DPA, there is the

following definition: «Tax risk is a probable possibility of violation of tax legislation, as a result of which budget losses are possible» [79].

According to the order of the State Tax Administration of Ukraine «On approval of methodological recommendations for monitoring tax risks», tax risk is interpreted as the probability of violation of tax legislation, as a result of which budget losses are possible [80].

The systemic financial risks of agricultural production have not been properly investigated by domestic scientists, in particular by specialists in the field of financial law. The lack of systematic theoretical generalizations of this issue, supplemented by the necessary practical analysis, is in itself also a relevant factor that forms the risks of the development of the agricultural production industry. In modern conditions, solving these fundamental problems is necessary for a success and comprehensive understanding of the development of the financial sphere of our state. Basic generalizations regarding financial risks should arise as a result of the research of factual and theoretical material and the basis of theoretical results obtained by scientists and recommendations of specialists who are engaged in practical activities in the relevant spheres of agriculture [81].

The financial risk of agricultural producers is a type of business risk. Factors May include: a change in tax policy, which may increase the tax burden and, as a result, increase the tax liability and possibility of surcharges and payments and fines for unintentional violation of current legislation by a business entities; errors and shortcomings in planning, design and business organization.

Financial risk is considered an integral part of any financial activity of an agricultural producer, which is a financial relationship that has different directions of manifestation and the occurrence of objectively existing insufficiency, inaccuracy or illegality of financial and legal information about certain events or their coincidence.

## **CHAPTER 5. LEGAL REGULATION OF TAXATION OF AGRICULTURAL ACTIVITIES IN EU MEMBER STATES**

### **5.1. General characteristics of the legal regulation of taxation of agricultural activity in EU countries**

Taxation of agricultural activity is one of the key factors that can both contribute to the qualitative development of domestic agricultural production and restrain it. In addition, as the experience of the EU member states shows, successfully established taxes in the agricultural sector can help the country to adapt to the growing competition in the field of agricultural production. Undoubtedly, stimulating the development of the agricultural industry requires a special taxation regime that would contribute to the formation of a balanced structure of agro-industrial production. A separate important task facing Ukraine today is the increase of the competitiveness of small and medium-sized socially oriented agrarian business, which, without a doubt, would contribute to the increasing of the level of employment of the rural population and increasing the income of the budgets of rural communities. The study of the reform of domestic legislation in the field of taxation of agricultural activity, is useful as well as the experience of foreign countries in this field, which has justified itself in practice.

There is the need to introduce a differentiated approach to taxation of agrarian business depending on the priorities of the development of types of agricultural activity [82].

N.S. Nosan focused attention on the taxation of subjects of small-scale agricultural production, highlighting the following advantages of uniting small agricultural producers into cooperatives: increase in production volumes at the expense of received loans, the possibility of renting production facilities; increase in production profitability due to cost reduction; increasing the possibility of technical modernization by receiving organizational and informational support



[83, p. 490]. The scientist discovered the existence of special tax regimes for the payment of cooperative tax in Italy, France, Spain, Portugal, Switzerland and Sweden.

Yu.O. Lupenko and L.D. Tulush draw attention to the need of reform of taxation of agricultural enterprises in Ukraine in order to equalize the competitive environment. At the same time, the key element, according to scientists, should be the elimination of disproportions in the structure of the agrarian sector of the economy in favour of the small producer [84, p. 16].

N.O. Mosiichuk examines the European practice of taxation of agricultural cooperatives and argues the need for legal support for the development of the cooperative sector, granting cooperatives the status of non-profit enterprises [85]. O.V. Manzhura recommends introducing provision of benefits to agricultural cooperatives on the example of EU members states [86].

Problems of enterprise taxation were also studied by V.I. Kurylo, I.V. Gyrenko, V.V. Mushenok and S.P. Poznyakov [87, p. 85; 88, p. 125; 89, p. 55], considering the tax burden as a restraint factor in the development of domestic agricultural production. A.V. Burkovska and V.K. Shkapoed quote alternative ways of state support for agricultural commodity producers with the help of subsidy programs [90, p. 25].

However, the legal regulation of taxation of agricultural activities in the EU member states, in particular, from the standpoint of disclosure of tax benefits for producers of agricultural products, still remains relevant and urgent and requires in-depth scientific analysis. In view of the above, the purpose of the study is a study of the problems of legal regulation of taxation of agricultural activity in EU member states.

## **5.2. Legal regulation of taxation of agricultural activity in Poland**

One of the countries that managed to create an effective system of taxation of agricultural activity is Poland, which is the leader in the production of

agricultural goods in the EU, and in terms of the volume of rye production, it ranks first in the world, within the EU, Poland also ranks first in the production of potatoes, sugar, pigs and milk. There is also a significant production of fruits (apples, strawberries, raspberries, currants) and vegetables (onions, cabbage, cauliflower) [91]. One of the factors of such success is a success system of taxation of agricultural activity in the country, which has its own specificity compared to another EU member states.

In Poland, there is a preferential agricultural taxation system aimed at reducing the tax burden of this sector. Farm incomes are not taxed under the general income tax system, as the legislation is structured in such a way that approximately 95% of farmers are exempt from income tax. A small number of farmers producing specific products pay income tax calculated on the basis of average production rates or on the basis of the calculation of actual costs. In Poland, only those farmers who are engaged in one of the specific types of economic activity, such as greenhouse farming, poultry farming, mushroom farming, beekeeping, pig farming, fur production or silkworm breeding, are required that pay tax on the income of individuals. Only about 2-5% of farmers produce this particular agricultural product, which means that the vast majority of Polish farmers do not pay income tax. Also, in the case of receiving subsidies from the EU, Polish farmers do not have to pay taxes to them [92].

Taxes on agricultural property are calculated based on the established price per unit of rye multiplied by the area of the farm. These taxes are lower than the regular property tax, and farmers can be exempted from paying taxes by increasing the size of their farms. Most farmers use the flat rate scheme rather than the normal VAT regime.

Taxes on property received by inheritance or agricultural land and buildings, the ownership of which is acquired on the basis of a gift contract, are not taxed, and taxes are not collected when the ownership of agricultural land is transferred between relatives in the event of a farmer's retirement. Excise tax

rebates for fuel used in agriculture are significant, and in 2018 these rebates amounted to €216 million [93].

Farmers and their family members pay lower contributions under the special social insurance scheme than they would under the regular social security system and are entitled that similar benefits. These payments are mainly financed by the state. Polish farmers use agricultural social fund provision. First the fund was created to provide pensions for farmers by age. Contributions that are paid to farmers, amounting to only an insignificant part of the income of the fund. Over 90 % of funding is coming to the fund directly from the state budget. All Poles who own more than 1 hectare of agricultural land can register in the agricultural fund and social software instead of the use of ordinary systems social software [94].

Agricultural land is exempt from real estate tax. Agricultural land, the area of which exceeds one hectare, is subject that agricultural tax. When calculating the tax, coefficients are used depending he soil fertility, arable land, meadows and pastures are demarcated, there are four zones depending he economic and production climatic conditions, ten classes of use and fourteen classes of soil types [95]. Land classification is determined by the Polish Ministry of Finance. Most of the arable land is of medium quality.

### **5.3. Legal regulation of taxation of agricultural activity in the Czech Republic**

An analysis of Czech legislation in the field of legal regulation of taxation of agricultural activity makes it possible that conclude that there are a significant number of benefits for agricultural producers. Czech scientists argue for the existence of benefits by the need that stimulate the development of the agricultural sector [96].

The Law of the Czech Republic «On Income Tax» provides benefits for producers of agricultural products. In private, farmers and economic entities in

the field of forestry can deduct 80 % when determining the tax base each year, which is the highest share compared that other types of business activity, where the maximum amount of deductions is 40-60 % [97].

Another benefit is that the income received as a result of the acquisition of ownership rights that property from a close person who was an agricultural entrepreneur and prematurely stopped farming is not subject that staff income tax. In general, family farms in the Czech Republic cultivate only a little more than a quarter of the country's agricultural country.

A tax benefit for farmers is also provided by Law No. 16/1993 «On Motor Vehicle Tax», where in § 2 it is stated that the subject of the tax, among other things, are not agricultural and forestry tractors and their trailers and other special vehicles in agreement with special legislation (i.e., which are used by farmers, primarily self-propelled and mounted working equipment) [98].

Law No. 353/2003 «On Excise» in § 57 provides the possibility of refund mineral tax oil to persons who use these oils for primary agricultural production (so-called green diesel) [99].

According that Law No. 338/1992 «On Real Estate Tax», entities engaged in agricultural production or fish farming have real estate tax benefits [100]. In addition, municipalities can exempt certain agricultural lands from land tax by universally binding decree.

#### **5.4. Legal regulation of taxation of agricultural activity in Austria**

According that statistics, there are 161,155 agricultural and forestry enterprises in Austria, 90 % of which are small and family-owned. There are separately tax benefits applicable that agriculture and forestry. Income from agricultural activities is different from other income and there are simplified methods for assessing both income and value added tax for small agricultural and forestry businesses. Taxable income can be calculated on the basis of full or partial fixed assessment (single assessment). In addition, valuation of property for

property tax and land transfer tax purposes is not done at market rate. When farms are transferred between family members, the land alienation tax is calculated using a lower preferential tax rate [101].

Austria has progressive staff income tax rates with a tax rate of 25 % for low income earners and a maximum tax rate of 50 % for those who earn more than 1 million euros. According that the legislation, there are several categories of income and, accordingly, tax rates:

1) Accrual accounting is mandatory for agricultural and forestry enterprises whose turnover exceeds EUR 550,000 for two consecutive years or whose estimated value as of January 1 exceeds EUR 150,000. Cash base accounting is allowed for households with lower incomes;

2) For certain professional groups, Austrian tax law provides for the possibility of determining taxable income on the basis of fixed rates (average rates). These separately taxation rules are set out in the Income Tax Act and determined by the Federal Minister of Finance. Fixed rates for farmers and foresters, including those engaged in processing agricultural products, providing agricultural services and some non-agricultural services such as farm tourism, are set in a regulation that was last updated in 2015 and under which taxable income is calculated using a full flat rate or a partial flat rate;

3) Farmers and foresters with an estimated value of up to 130,000 euros and a turnover of less than 400,000 euros in the last two years can determine their taxable income at uniform rates;

4) The full flat rate applies that enterprises whose assessed value does not exceed EUR 75,000, a maximum of 60 hectares of cultivated land and 120 livestock units. In this case, the taxable income is determined by the product of the assessed value by the average fixed rate of 42 % Additional income includes, for example, income from the processing of agricultural products. Additional costs include interest he loans, rent and social security contributions;

5) Partial fixed rate regulation applies that cash-operated agricultural and forestry enterprises with an estimated value of 75,000 to 130,000 euros. These businesses can deduct 70 % (80 % for livestock farms) (including VAT) of their taxable income as expenses [102].

The regulation of a single rate simplifies the calculation of profit, thereby reducing the cost of accounting. Most farmers and foresters calculate their income based on a flat rate and therefore pay a low income tax.

A very specific tax regime is used for taxation of income of physical persons in the field of agriculture and forestry economy. Taxpayers, which are taxed on a basis accounting of income, can submit an application for tax assessment according to such a single one rate:

37 % if estimated value does not exceed 15,000 euros,  
41 % if appraised value exceeds 15,000 euros and is less than 36,500 euros,  
45% if appraised value exceeds 36,500 euros and is less than 65,000 euros  
[22].

According to estimates, more than 90 % agricultural and forestry enterprises used in Austria this one preferential taxation system [101]. This, of course, helps to increase the income of agricultural producers.

The tax burden affects the profit of agricultural producers and is one of the key factors that affect the development of the agricultural sector in the country, the competitiveness of small and medium-sized socially oriented agricultural businesses, and also reflects the priorities of the development of agricultural activities. Therefore, legal regulation of agricultural production is one of the key issues on the agenda. Ukraine needs that reform the system of taxation of agricultural production in order that form a balanced structure of agro-industrial production like the model of European countries.

An analysis of the legislation of EU members states, in particular Poland, the Czech Republic, and Austria, provides grounds for the conclusion that the legal acts of these countries contain a number of tax benefits for producers of

agricultural products, including: a reduction in farm income tax, real estate tax benefits, discounts to fuel excise tax, absence of taxes on inherited property or agricultural land and buildings, the ownership of which is acquired on the basis of a donation contract; reduction of contributions within the framework of a special social insurance scheme.

### **5.5. Foreign experience of state support for agricultural producers**

State support for agricultural producers is one of the main factors that can contribute to the qualitative development of Ukrainian agricultural production and support of the country's food security. At the current stage, producers of agricultural products in Ukraine receive the least support from the state among all European countries, which puts them at a disadvantage on the international market and reduces their competitiveness. Therefore, it is considered important to study the successful foreign experience of state support of entities that carry out agricultural activities.

One of the effective means of supporting agricultural producers is tax support. Its advantage is effectiveness and the absence of the need for direct financial support from the state. In Ukraine, tax support needs to be reformed. Therefore, we consider it necessary to focus special attention on the foreign experience in this field.

State support in the agricultural sector was studied by a number of Ukrainian and foreign authors. G. Pavlova proposed a classification of state support for producers of agricultural products, distinguishing its main three forms: direct (direct state payments), conditional-direct (creation of a special tax regime, debt restructuring), indirect (protection of commodity producers during foreign economic activities, procurement and commodity interventions) [103, p. 20].

H. Grigoryeva in her monographic study focused on the problems of legal provision of state support for agriculture in Ukraine [104], arguing for the need to separate it into a separate sub-branch of agrarian law - agro - protection law.

O. Hulak, V. Ladychenko and M. Kutsevich test the need for state support of the cooperative sector and granting agricultural cooperatives the status of non-profit enterprises [105; 106; 107; 108]. Studying the theoretical and practical aspects of state support and regulation of the development of agricultural cooperatives in Ukraine, O. Sakovska and O. Shpykulyak emphasize the need that support their development and activities at the national level through the adoption of relevant legislative and regulatory acts and programs, since the creation of cooperatives for agricultural producers gives the opportunity that specialize production and increase its concentration, reduce material costs and, as a result, ensure the growth of agricultural production [109].

Problems of legal regulation of taxation of agricultural enterprises were investigated by the following Ukrainian scientists: V. Yermolenko, O. Krasnova, and O. Yara [110; 111; 112], citing the tax burden as a restraint factor in the development of the Ukrainian agricultural sector. O. Artemenko [113] focused her attention on the need that use a differentiated approach that the taxation of agricultural production depending on the development priorities of certain types of agricultural production.

O. Kuzmenko, I. Semenchuk and V. Pogromsky highlighted the main problems of land use in Ukraine, which are: a high degree of plowing of agricultural land, violation of the system of scientifically based crop rotation, insignificant application of organic fertilizers (0.1–1.3 t/ha), which intensifies the processes of soil degradation, the main part of investments in the agricultural sector are the own funds of enterprises and organizations (65.4 %) and only 0.7 % are the funds of foreign investors [114].

S.V. Martinez studied the policy of state support for agricultural producers in the USA, focusing on the positive experience of supporting local producers [115]. V.V. Kurennaya, A.T. Audinova, A.O. Cherednichenko, V.Yu. Rybasova, A.E. Shevchenko, in their study, come to the conclusion that a large agricultural producer in the USA is supported by the provision of progressive tax benefits



[116]. H. Guo draws attention that the need that support the industrialization of modern agricultural production in China [117].

At the same time, despite previous scientific studies, the legal regulation of state support for small and medium-sized agricultural producers in foreign countries with the aim of borrowing the best experience, in particular from the standpoint of researching agricultural subsidies and tax benefits in the agri-food sector, remains relevant and requires detailed scientific analysis.

The scientific novelty of the study is the analysis of foreign legislation in the field of state support for producers of agricultural products. We own contribution that the study of the issue is the identification of the positive experience of the Czech Republic, Austria and Poland in the field of preferential taxation, which has proven itself in practice.

During the writing of the unit, both general scientific and special scientific methods of scientific research were used. Using the system-functional method, an analysis of the main forms of state support of economic entities engaged in entrepreneurial activity in the agricultural sector, which are used in foreign countries, in particular the People's Republic of China, EU member states and the USA, was carried out.

The dialectical method was used to find out the current regulatory and legal state of state support for agricultural producers in some EU members states and the prospects for its further development. The method of hermeneutics was used that analyze the current legislation of European countries on the example of Poland, the Czech Republic and Austria, aimed at supporting small and medium-sized agricultural producers, primarily in the tax field, with the aim of researching its effectiveness and efficiency at the current stage, as well as identifying regulatory gaps in domestic legislation for their elimination (in particular, the Law of Poland «On Income Tax of Legal Entities» [118], the Law of the Czech Republic «On Income Tax» [119], the Law of the Czech Republic «On Excise» [121], the Law of the Czech Republic «On Road Fees» [120], Law of the Czech

Republic «On Real Estate Tax» [122]). In addition, scientific works of domestic and foreign authors, reports and statistical data of international organizations, in particular the Food and Agricultural Organization of the United Nations, as well as program documents of the European Union (the EU strategy «from the farm that the table» [123], the Strategy EU biodiversity [124]) and EU regulations, which are the basis of the new EU Common Agricultural Policy for 2023-2027 (EU Regulation 2021/2115, which establishes rules for supporting national strategic plans of the Common Agricultural Policy and repeals EU Regulations 1305/2013 and 1307/2013 [125], EU Regulation 2021/2116 repealing EU Regulation 1306/2013 on the financing, management and monitoring of the Common Agricultural Policy [126], Regulation (EU) 2021/2117 of the European Parliament and of the Council of December 2, 2021 on establishment of a joint organization of agricultural product markets [127]).

The comparative legal method made it possible that reveal the characteristic features of state support of entities engaged in agricultural activities in certain foreign countries. The statistical method was used that obtain an empirical base, which became one of the main sources of information about the success of the legal regulation of state support for producers of agricultural products in certain countries.

China is one of the largest agrarian economies in the world. Today, it produces 18 % of the world's grain production, 29 % of the world's meat production, and 50% of the world's vegetables production [128]. Therefore, it is interesting that study his experience in achieving such results.

Subsidies are the main way that support China's agricultural industry. In this country, a basic policy he agricultural subsidies was created, which meets the requirements of the WTO, but at the same time takes into account local conditions [129]. In China, there are the following types of subsidies: a direct subsidy for grain producers, subsidies for better varieties of crops, a general subsidy for agricultural resources, a subsidy for the purchase of modern tools and equipment.

In order that protect the productivity of agricultural land and ensure the necessary scale of food production, in 2013 the Chinese government promulgated the Financial Management Measures for Agricultural Production and Development, the latest amendments that which came into effect he March 24, 2020, and will be in effect until 2023. State financial support for agriculture in the People's Republic of China focuses on: protection of agricultural land, subsidies for the purchase of agricultural machinery, mainly the latest models, as well as the implementation of projects for the utilization and renewal of machinery and relevant pilot innovation projects; green development of agriculture and technical services, mainly from the point of view of improving quality and efficiency, dry farming and saving water in the production of key crops, testing the replacement of chemical fertilizers with organic ones for fruits, vegetables and tea, popularizing improved seeds and agricultural methods, etc. [130]. The aforementioned financial support is provided that farmers, as well as that new agricultural producers who have recently started their activities.

Separate projects are also financed in China. At the same time, the key aspect is innovation in agriculture, promotion of sustainable growth of agricultural production. The Agricultural Science and Technology Fund, established by the Ministry of Science and Technology of the People's Republic of China, supports the commercialization of technologies in agriculture, focusing he research projects and the use of new agricultural technologies. Enterprises or research institutions established in the People's Republic of China can receive funding. Most of the capital of the enterprise must belong that Chinese domestic investors, and it is also a condition that the enterprise has existed for at least one year before submitting an application for financing, and its authorized capital must be greater than the funds that will be received within the framework of the project [131].

V. Yermolenko, O. Gafurova, M. Deinega, T. Novak, and Yu. Shovkun [110] emphasize the need that ensure the protection of agricultural lands. We fully agree with the above-mentioned legal scholars. Financial management measures

for agricultural production and development of the People's Republic of China are a practical example of how that fulfill this obligation. Subsidies for the purchase of domestically produced agricultural machinery were also introduced in Ukraine. And this is good. However, it would also be useful that introduce subsidies for recycling and updating equipment, reducing the use of chemical fertilizers, and developing green agriculture. These subsidies would support not only agricultural producers, but also improve the quality of food products and the environment.

The United States of America has supported American farmers since 1933, when the Agricultural Regulation Act was passed. State support for agricultural producers is currently regulated by a package of legislative acts called the «Farm Bill» (the Farm Bill), which is updated each five that six years and regulates various types of support for the country's agribusiness, that is, subsidies that farmers. The aforementioned legislation regulates a variety of programs such as crop insurance, farmer training, support for sustainable agricultural practices, and access that healthy food for low-income families. Each farm bill has a unique name, and the current bill is called the Farm Improvement Act. It was passed in December 2018 and will be in effect until 2023 Farm Bill allows farmers that choose between agricultural risk coverage and price loss coverage when choosing an insurance program [132].

Over the past decade, subsidies to US farmers have averaged \$16 billion a year. The amount of subsidies is not the same for different crops and is mainly concentrated for five crops (corn, soybeans, wheat, cotton and rice). Support for special crops, which primarily includes fruits, vegetables and nuts, has been relatively minimal in absolutely terms and has only been available for the past three decades [133]. With the help of the above subsidies, the US Government exerts influence he farmers he which crops that grow.

V.V. Kurenn, A.T. Audinova, A.O. Cherednichenko, V.Yu. Rybasova and A.E. Shevchenko emphasize the support of a large agricultural producer in the USA [125]. We agree with the criticism of scientists and consider it necessary.,

first of all, that focus the legislator's attention on supporting small and medium-sized agricultural entities.

The new common agricultural policy envisaged for 2023-2027 is aimed at achieving the goals of the European Green Course and will become one of the key tools that will contribute to the preservation of biodiversity. The main regulations that form the basis of the new Common Agricultural Policy are the following: EU Regulation 2021/2115, which establishes rules for supporting national strategic plans of the Common Agricultural Policy and repeals EU Regulations 1305/2013 and 1307/2013 [125], EU Regulation 2021/2116, which repeals EU Regulation 1306/2013 on financing, management and monitoring of the Common Agricultural Policy [126], Regulation (EU) 2021/2117 of the European Parliament and the Council of December 2, 2021 on establishing a common organization of agricultural markets [127]. According to the Common Agricultural Policy for 2023-2027, at least 35 % of rural development funds will be allocated to measures that support the climate, biodiversity, environment and animal welfare programs in the fruit and vegetables sector will provide for at least 15 % of the economic entities' own expenses for the environment; 40 % of the New Agricultural Policy budget should be climate-related; 10 % of direct payments will be aimed at supporting income redistribution to small and medium-sized farms; at least 3 % of direct payments should be allocated to young farmers [134].

The EU Farm to Fork Strategy recommends, on the one hand, reducing the use of pesticides in agriculture and antibiotics in livestock by 50 % and synthetic fertilizers by 20 % by 2030, and on the other hand, a significant increase in the share of agricultural land that is used for organic farming from the currently 10 % to 25 % by 2030 [123]. The Biodiversity Strategy envisages the withdrawal of 10 % of agricultural land from production, which will be set aside for enhanced environmental protection [124].

One of the types of state support for producers of agricultural products in developed countries is tax benefits. As the experience of the member states of the European Union shows, a well-established tax system in the agricultural sector helps agricultural producers adapt to the ever-increasing competition in the agricultural sector. Undoubtedly, stimulating the development of the domestic food sector requires tax support, which would contribute to the formation of a balanced structure of agricultural production. Supporting a small and medium-sized socially oriented producer, increasing its competitiveness is one of the key tasks facing the domestic legislator. A well-constructed tax system helps to increase the level of employment of the rural population and increase the budget of rural communities.

Poland has an effective system of taxation of the agro-industrial complex. This country is the leader in the production of agricultural products in the European Union, and in terms of rye production, it ranks first in the world rankings [135]. A high-quality system of taxation of agricultural producers, which has its own characteristics in comparison with other EU member states, helped to achieve such successes.

The tax system of Poland is characterized by a low tax burden. About 95 % of Polish farmers are not subject to the general income tax system by law (they do not pay income tax). A small percentage of farmers who produce certain agricultural products pay income tax, which is calculated based on the calculation of actual costs or on the basis of average rates of production. Personal income tax must be paid only by those farmers who are engaged in one of the types of agricultural activity specified in the legislation (for example, raising poultry, mushrooms, beekeeping, greenhouse farming, pig farming, breeding silkworms). The above-mentioned food products are produced by only a small percentage of farmers (approximately 2–5 %) [118]. Therefore, a significant number of farmers do not pay income tax.

In addition, no tax is paid in Poland on the subsidies that farmers receive from the budget of the European Union [119]. The tax on property used in agricultural activities by the farmer is also lower than the regular property tax, which also reduces the tax burden to the farmer. Also, the vast majority of farms use the flat tax rate scheme, rather than the usual VAT regime. The experience of Poland is also interesting with regard to taxes on inherited real estate (buildings) and agricultural land, the ownership of which is acquired on the basis of a donation agreement, as well as in the case when the ownership of agricultural land is transferred between relatives in the event of leaving a retired farmer. These transactions are not taxed [120].

In Poland, farmers and their family members pay reduced contributions under a special social insurance scheme, while having the right to receive similar benefits as in the case of a regular social insurance scheme. Farmers use the agricultural social security fund. Initially, the fund was established to provide pensions for farmers by age. Contributions paid by farmers make up only a small part of the fund's income. More than 90% of its income comes from the state budget of Poland. All farmers who own agricultural land or forests with an area of more than one hectare can nowadays use the social security system of the agricultural social security fund instead of the usual social security system [121].

In addition, agricultural land in Poland is exempt from property tax. Land plots with an area of more than 1 hectare are subject to agricultural tax. When calculating the above-mentioned tax, coefficients are used that depend on soil fertility, while arable land, meadows and pastures are distinguished, there are four zones depending on climatic, economic and production conditions, as well as ten classes of use and fourteen classes of soil types [122]. The above land classification was approved by the Ministry of Finance. It should be noted that average arable land in Poland is of average quality.

A significant number of benefits for producers of agricultural products also exist in the Czech Republic [136]. Thus, the Law of the Czech Republic «On

Income Tax «established benefits for agricultural producers. Czech farmers and entities carrying out activities in the field of forestry can reduce the tax base by 80 % every year. At the same time, the maximum size of possible deductions in other areas is 40–60 % [137], which undoubtedly indicates significant support for agricultural producers.

The subject of staff income tax is not income received as a result of acquiring the right that property from a close person who was engaged in entrepreneurial activity in the agri-food sector and prematurely terminated its activity, which is also a tax benefit.

A tax benefit for farmers is also provided by the Law «On Automobile», which states that, among other thing, agricultural and forestry tractors and their trailers, as well as other special vehicles used by farmers, are not subject that the tax [138].

The Law of the Czech Republic «On Excise Tax» provides the possibility of refunding the tax he so-called green diesel, i.e. mineral oils, that persons who use these oils for primary agricultural production [139]. According that the Law «On Real Estate Tax», entities engaged in agricultural production or fish farming have benefits for real estate tax [140].

In Austria, the vast majority of economic entities that carry out their activities in agriculture belong that small and family enterprises (90 %). The country has tax incentives that apply that producers of agricultural products and entities that carry out their activities in the forest sector. In Austria, simplified methods of assessing income and value added tax for small agricultural and forestry enterprises were developed and implemented. Small enterprises of the above-mentioned sectors can choose a system of calculating their income using a full or partial fixed assessment, which is less compared that the traditional calculation of income in other industries. Property valuation, which is carried out for the purpose of calculating property tax and land alienation tax, is also not carried out at the market rate [141].



The regulation of the single tax rate in Austria simplifies the calculation of profit and also reduces the costs of keeping accounting records. Most of the economic entities that carry out their activities in agriculture and foresters calculate their profit on the basis of a fixed rate, and, as a result, pay a low income tax.

Incomes of individuals in the field of agriculture and forestry are also taxed accordingly to a simplified scheme (37 % if the assessed value of the property does not exceed 15,000 euros, 41 % if the assessed value is from 15,000 to 36,500 euros, 45 % if the assessed value is from 36,500 euros to 65,000 euros) [142]. The preferential taxation system helps to increase the income of agricultural producers.

A whole series of tax benefits for producers of agricultural products, which were introduced in the EU member states, can be introduced in Ukraine as well. First of all, we are talking about tax deductions for incomes, real estate tax benefits and reduction of excise tax on fuel.

Summarizing. In the People's Republic of China, there are a number of subsidies for agricultural producers, both for the production of certain agricultural crops and for the purchase of agricultural equipment. Another interesting practice is the creation of an agricultural science and technology fund, which finances the commercialization of the latest technologies in agriculture.

The new EU Common Agricultural Policy for 2023-2027 is aimed at supporting climate action and increasing biodiversity. In addition, the subjects of agricultural activity are required that invest in the environment. Also, the new Common Agricultural Policy of the EU provides support for small farmers.

Legal regulation of agricultural production and support of small and medium-sized agricultural producers is a key task that is currently on the agenda in all countries, and in Ukraine in particular. Wide application of the preferential taxation system for agricultural producers in the EU member states has been established. Having analyzed state support for agricultural producers in EU

member states using the example of Poland, the Czech Republic and Austria, it can be concluded that the legislation of these countries provides for a significant number of tax benefits for producers of agricultural products and foresters, in particular: reduction of income tax, absence of taxes on agricultural land, as well as property inherited from agricultural producers; real estate tax benefits, reduction of excise tax on fuel, reduction of social insurance contributions. The reduction of taxes increases the competitiveness of small and medium-sized economic entities that carry out their activities in agriculture and forestry. Tax benefits also increase the profits of agricultural producers and contribute to the development of certain types of agricultural activity. In Ukraine, there is an acute issue of the need to reform the system of taxation of agricultural production using the experience of EU member states, which has proven its effectiveness, in order to support the domestic agricultural producer and ensure the country's food security. Therefore, the introduction of a preferential taxation system for agricultural producers at the expense of EU member states may be a perspective for further research on the topic.

## **CHAPTER 6. LEGAL REGULATION OF FISCAL RELATIONS AS A FACTOR OF FOOD SECURITY**

The food security of any state consists in achieving optimal legal regulation of fiscal relations for national conditions as one of the factors aimed at the bridge optimal supply of the population with high-quality food products, in agreement with medically justified standards. The very task of the state in the process of ensuring food security consists in the development of long-term goals of the country's food security and legal regulation of fiscal relations as a factor of food security.

Fiscal relations are relations that arise during the payment of taxes and other payments, and are one of the main tools of macroeconomic regulation of capital movements and are regulated by the norms of financial, administrative, civil, criminal law, etc. It is worth noting that the function of the fiscal relations of the state is that stabilize and develop the economy, ensure food security, ensure the proper level of functioning of the legal system of the state and the functioning of the state in general. Thus, E. Duliba notes that the fiscal function of Ukraine is becoming one of the bridge important areas of state activity, which directly affects the stabilization and stability of economic processes in Ukraine [143, p. 3].

Implementation of fiscal relations of the state is determined by a number of factors, such as: globalization of the economic sphere, European integration, Ukraine's entry into the world economic space, ensuring the economic security of the state, etc.

Food security of the state is a component of economic security in the context of national security, which is enshrined in Part 1 of Art. 17 of CU [52]. S. Lushpaev defines that the food security of the state can be defined as a state of development of social relations, in which a set of legal, socio-political, economic, scientific-technical, organizational, informational and other measures is aimed at ensuring the physical and economic accessibility of the population that products

food that is safe for life and health, prevention and overcoming of emergency food situations [144, p. 213].

Certain aspects of the problems of ensuring food security are highlighted in the works of domestic scientists and practitioners, in particular: V.B. Averyanov, M.M. Babich, O.M. Bandurka, P.O. Baranchyk, V.D. Banton, K.V. Voytishenoi, E.V. Duliba, NV Dutova, V.P. Zaliznyuk, A. Zanutnaya, V.I. Kurylo, V.V. Mushenok, S.O. Lushpaev, N.R. Nyzhnyk, S.S. Ovcharuk, O.V. Pabat, T.V. Ponomarenko, V.P. Samokysh, I.Yu. Skockov, R.I. Trynko, V.R. Shyshlyuk and others.

However, the issue of legal regulation of fiscal relations, as a factor of the food security of the state, and elimination of the existing shortcomings of the fiscal mechanism in the food supply of the population (which has decreased to a critically dangerous level), have not yet been the subject of a separate special study.

In view of the above, the purpose of the scientific research is to study the current state of legal regulation of fiscal relations as a factor of food security, and to make proposals for improving legislation in this area, taking into account the situation that has developed due to the COVID-19 pandemic [145].

Fiscal relations of the state always reflect the task and depth of the state's intervention in the economy that ensure the components of economic security, representing a system of measures and means of the state in the field of taxation.

Food security is one of the factors of national security, it occupies an important place in the life of society, since the availability of food is the foundation of human life. In particular, T. Ponomarenko notes that food security is the state of the economy, one of the factors of national security, which ensures the sustainable development of society. This is the state of food production in the country, which is able to fully satisfy the needs of each member of society in food of appropriate quality, provided that it is balanced and available to each

member of society in an amount sufficient for the extended reproduction of each person and necessary for maintaining health and working capacity [146].

Thus, according to Art. 1 of the Law of Ukraine «On the Basics of National Security of Ukraine» of June 21, 2018 No. 2469-VIII states that national security is the protection of the vital interests of a person and citizen, society and the state, which ensures the sustainable development of society, timely detection, prevention and neutralization of real and potential threats that national interests... [147]. Food security is a factor of food independence of Ukraine and requires proper transparent legal regulation in the field of taxation and is achieved if the maximum level of food imports is 10% of the total volume of food production [144, p. 271]. The same opinion is held by R.I. Trynko, noting in his definition that food security is an important and special component of national security, and therefore it should be considered not only as an internal component of state independence, but also as an important external factor, since food provision of the population at the level of rational consumption norms is evidence of the economic strength of the state [148, p. 14-15].

Since the food problem belongs that the global category, the tax strategy should be aimed at forming an effective economic policy for the perspective purposes of taxation of enterprises to ensure the functioning and development of the national agro - food complex. That is, the fiscal relations of the state in ensuring food security directly depend on proper legal regulation and on the efficiency of the functioning of the system of state authorities, which is an important component of the existence and development of the state as a whole.

It is worth noting that due that the COVID-19 pandemic, the world's largest economies entered the zone of record decline. As for Ukraine, the issue of guaranteeing food security is of great importance, since the production of agricultural products and food products has decreased over the last year, and, accordingly, the food supply of the population has decreased to a critically dangerous limit. At the same time, the global problem of decreasing incomes of

the population appeared, which led to a reduction in the consumption of food products, in particular milk and dairy products, meat and meat products, fish and fish products, fruits and vegetables.

The basis of legal regulation of fiscal relations, as a factor of national security, is the payment of taxes by agro-industrial enterprises. In particular, as noted by N.V. Dutov and K.V. Voytishen, the tax system of Ukraine is unique and specific compared that the experience of European countries and has a number of shortcomings. It includes the uneven distribution of the tax burden, inconsistencies and contradictions of individual tax norms, their instability, the unsystematic provision of benefits, and the double interpretation of the essence of certain types of taxes. In these conditions, the state policy of supporting rural commodity producers with the aim of compensating costs and supporting their activities through the introduction of budget subsidies becomes quite relevant [149, p. 57].

VAT collection is carried out in agreement with the TCU and the Law of Ukraine «On Amendments that the Tax Code of Ukraine Regarding the Rate of Value Added Tax on Operations for the Supply of Certain Types of Agricultural Products» No. 1115-IX of 12/17/2020, which provides for a reduction of the VAT rate from 20% to 14% for operations on the supply and import of certain types of agricultural products into the territory of Ukraine. However, as noted by Anastasia Zanuda in the edition of BBC News Ukraine, this law caused fierce disputes among the participants of the agricultural market and ambiguous assessments of experts. It can also significantly reduce budget revenues for the current year, which already has a significant deficit. However, large agricultural holdings can make significant money, since the letter primarily includes raw materials that are mainly exported - either directly or through processing, and are mostly not sold that the final consumer in Ukraine [150].

It is clear that large agricultural holdings are lobbying for the adoption of laws that do not enshrine the principle of equality of all producers of agricultural

products and food products. On this issue, V.I. Kurylo notes that support or assistance means ensuring decent levels of income and profitability of production activities of agricultural enterprises of all forms of ownership and management, improving the equivalence of exchange with industrial sectors, as well as improving the financial stability and financial condition of agricultural producers [151, p. 45].

According to V.V. Mushenok, proper legal regulation of fiscal relations, as a factor of food security, should reflect:

- 1) ensuring profitability of agricultural production activity;
- 2) stimulating the production of plant and animal products;
- 3) improving the financial stability and financial condition of agricultural enterprises;
- 4) improvement of exchange equivalence of the agricultural sector with industrial sectors;
- 5) development of the agricultural market;
- 6) ensuring food security of the country's population;
- 7) preservation of natural resources and minimization of harmful effects on them as a result of agricultural activities;
- 8) infrastructure development of rural regions;
- 9) raising the standard of living of the rural population, etc. [151, p. 34].

Therefore, for the proper organization of the formation, development and implementation of fiscal relations in Ukraine that ensure food security, a high-quality level of legal regulation is necessary, a separate feature of which should be the clarity and unambiguity of the content of the legal norm, the improvement of the work of fiscal service bodies and the strengthening of dialogue and cooperation with the public

In particular, S. Tyutyunnikova and I. Skochko, regarding the issue of food security, note that food security is not only the availability and availability of food in the country, but also a balanced economic situation, when enterprises and

producers can provide food, and the population is able that buy it. During a pandemic, these are the bridge important criteria that require constant monitoring and research [151, p. 73-74].

Fiscal relations, as a factor of food security, is a component of the internal and external policy of the state, which consists of a set of measures taken that ensure more effective use of customs control tools and regulation of trade in the customs territory, that participate in the implementation of commercial and political goals of the internal market, and also that stimulate the development of the national economy. When establishing the elements of the fiscal system, the legislator must take into account the capabilities of taxpayers and their impact he the security of the state and people. Based on them, the object of taxation, its base and rate is established. Therefore, the distribution of the tax burden for agricultural enterprises of all forms of ownership and management should be distributed among different elements of the tax system.

Elements of the tax system are characterized by the presence of numerous benefits, which are often not economically justified. They can be hidden by excluding individual objects from the total set of taxation objects or by defining reduced tax rates, etc. This creates unequal conditions of taxation, makes the tax system cumbersome, causes resistance of society or its individual groups that paying taxes [152, p. 49]. In particularly, scientists have indicated that an excessive tax burden on taxpayers can give only a temporary increase in tax revenues that the budget, in the long term their volume will certainly decrease [152, p. 31]. Accordingly, fiscal relations depend on qualitative fiscal policy. On this issue, scientists V.D. Bunton, V.I. Tarangul notes that the quantitative values of the criteria for the effectiveness of the fiscal policy should be consistent with the indicators of national security. Fiscal policy can be considered safe if there is no increase in the share of public debt in GDP, since the unlimited growth of this indicator indicates that after a certain period of time the country will be forced that direct all its income that pay off the public debt [153, p. 31].



From the point of view of the functional content, the fiscal mechanism is aimed at the organization of fiscal relations, justification of current intervention measures in the process of formation and use of budget funds. From such positions, the elements of the fiscal mechanism include the size of tax rates, the level of the tax burden, the structure of budget expenditures, etc. [153, p. 31].

According that the Methodology for determining the main indicators of food safety, approved by the Resolution of the CMU of 05.12.2007 No. 1379, the indicators of food safety indicators are fixed:

1) the daily energy value of a person's diet, which is defined as the sum of products of a unit Mass of individual types of products consumed by a person during the day, and their energy value. The limit criterion is set at 2,500 kcal per day, while 55% of the daily ratio must be provided by consumption of products of animal origin;

2) providing a person's diet with the main types of products, which is defined as the ratio between the actual consumption of an individual product and its rational norm;

3) the adequacy of grain reserves in state resources, which is defined as the ratio between the amount of food grain in the state reserve and the amount of domestic consumption of bread and bread products by the population in terms of grain. Its 17% level, which corresponds to 60 days of consumption, is considered the limit criterion for the indicated indicator;

4) the economic availability of products, which is defined as the share of total food costs in the total sum of total household costs. Its 60% level is considered the limit criterion for the indicated indicator;

5) differentiation of the cost of food by social groups, which is monitored dynamically and calculated as the ratio between the cost of food of 20% of households with the highest incomes and the cost of food of 20% of households with the lowest incomes;

6) the capacity of the domestic market of individual products, which is monitored dynamically and determined in natural terms as the product of the consumption of a certain product and the average population;

7) food independence for an individual product, which is defined as the ratio between the volume of imports of an individual product in natural terms and the capacity of its domestic market. Its 30% level is considered the limit criterion for this indicator [154].

According that the domestic researcher-economist V.P. Zalizniuk, the food security indicator acts as an indicative economic indicator, a gauge that allows that predict with a certain degree of accuracy in which direction the development of economic processes should be expected [152]. That is, the appropriate legal regulation of fiscal relations (including for ensuring food security) is a tool for the formation of the state budget of the country, with the help of which the activity of the state is implemented, which reflects its socio-economic and political nature, the methods of obtaining revenues for the budget and its directions of expenditures. On this issue, the opinion of modern domestic legal researchers is interesting, who point out that, based on simple formal logic, the ways out of an unfavorable economic situation are such legal means and measures that lead to the consolidation of the state budget in the medium term that reduce and stabilize the level of debt [155, p. 44].

In this context, according that the correct opinion of V.P. Zaliznyuk, food security has a significant place in socio-economic, political, ecological, demographic, managerial, biological, informational, institutional research. This means that the problem of food security is relevant and multi-level [157, p. 16].

According that the results of the study of the essence and features of the legal regulation of fiscal relations as a factor of food security, we come that the conclusion that compared that other countries of the world, the fiscal mechanism of Ukraine is imperfect, because the capabilities of taxpayers and their impact he the security of the state and people are not taken into account, the principle of

equality of all producers of agricultural products and food products is not established, as a result of which large agricultural holdings are enormously enriched. Availability of food in the state is not always the same as when the population was able to buy it.

Due that the COVID-19 pandemic, Ukraine's economy and its food security are without proper legal regulation of the fiscal mechanism, which should objectively regulate a broad system of budgetary and tax relations, create new opportunities for economic development, and imitate the anti-crisis programs of developed countries. In particular, this concerns the extension of tax holidays or the development of a special tax payment schedule, the introduction of credit holidays and special programs for affordable business lending and wages, etc., without which maintaining the country's economy and food security in a stable state will be extremely problematic.

## **CHAPTER 7. MAIN GUIDELINES OF SCIENTIFIC RESEARCH OF THE PROBLEMS OF TAX LEGISLATION IN THE AGRICULTURAL SECTOR OF UKRAINE'S ECONOMY**

Within the scope of the law, there are always spheres in which the vital individual, group and social needs of the human spirit and social development must be satisfied. One among such spheres is the agrarian sector of the economy in Ukraine. Hard to overestimate the value of those tasks which should be decided by the results of agricultural production activities agricultural products for human life, food safety of any society in the world.

Along with this, in all the times existed problems which needed and need permanent scientific searching for them solutions for maintenance constancy development and provision welfare of people, food security within certain socio-political and legal systems.

Currently domestic agricultural enterprises practically implement the Ukrainian «road map «of entering the civilization the world of the global commodity market is increasing export agricultural products to EU countries, China, the UAE, Israel and the USA. For example, in comparison of 2017 and 2020 turnover between Ukraine and the EU increased by 7% to 42.39 billion dollars. [2].

At the same time, the practice of efficiency of such interventions open Ukrainian agricultural economics needs solution systemic (structural) internal political, social, economic and legal problems in Ukraine. The need for this emerges as from the very life of people, the state of results economic activity agricultural producers, as well as from obligations defined in legal norms state Ukraine before the Ukrainian people and the norms of international law. For example, to such strategic ones Acts you can carry:

Creation agreement zones free trade between RAGUAM member states from 07.20.2002;

Association Agreement between Ukraine and the European Union of 27.06.2014 (for example, Section V. Economic and industry cooperation, see 4 «Taxation», 17 «Rural economy and development of rural territory»);

Agreement on rural economy (Appendix 1A to the Agreement on Establishment of the world organizations of trade) of 04.15.1994;

National economic strategy - 2030, approved by the resolution of the CMU of 03.03.2021 (strategic landmarks development of the agricultural sector of Ukraine within economic and legal systems) etc.

Specified legal terms and our subject research remains necessary for understanding, forecasting and definition basic scientific landmarks of implementation strategic regulations and, in particular, tax problems legislation in the agricultural sector economy of Ukraine. So, we offer one of these landmarks to consider:

1. Theoretical and methodological level (understanding ideas and interpretations basic concepts of the subject of research, search of the most adequate method of learning the subject).

2. Practical level (diagnosis and classification of problems of formal legislation, provision system recommendations).

For example:

1) philosophical and legal understanding of human and legal rights; law and culture of the Ukrainian people in the field traditional agricultural management, as well as problems legal interaction (partnership) of public authorities and agricultural producers in the solution of strategic landmarks development;

2) integrative methodological approach in law - a complex subject defines complex methods and tools of financial, administrative, agrarian branches of law, etc. The sphere of taxation in modern society is considered as modern means of management of public processes, stimulation of development, constitutional duty of affirmation and provision of human rights and freedoms (Article 3 of the Code of Civil Procedure). In this aspect is possible to make research at the intersection

of social, economic and legal sciences, taking into account opportunities integrative approach in law;

It is also necessary to investigate the following directions:

1) understanding the state of tax legislation, as well as its analysis and making recommendations for its improvement;

2) analysis of gaps in tax and agrarian legislation;

3) classification of basic valid functions, elements, competencies of bodies of public management in the field of taxation of agricultural management;

4) principles, means, methods and their forms, adaptation of tax legislation of Ukraine in the agricultural sector to international law.

The mentioned list of reference points is not exhaustive, but indicative for understanding, knowledge and development. In general, any idea is justified. Strategic development and improvement legislation should not lose the spirit and purpose that enshrined in the Preamble and other sections of Constitution of Ukraine, by tradition, cultural identity, necessity of implementation of the right to self-determination.

## **CHAPTER 8. FEATURES OF LEGAL RESPONSIBILITY FOR CORRUPTION OFFENSES IN THE SPHERE OF LAND RELATIONS IN UKRAINE**

Corruption in its various manifestations still remains an acute problem for our country, being an obstacle to its economic development and effective European integration activities. A high level of corruption poses a threat to the development of both society as a whole and certain spheres of its activity, including the land sector, making it impossible to effectively invest funds in the latest projects that could bring the country to a higher level of development and ensure prosperity and well-being for the population.

Therefore, it is considered important to provide appropriate legal safeguards aimed, first of all, at preventing, and then at countering corruption manifestations of various legal qualifications. First of all, these are the so-called anti-corruption restrictions presented in the Basic Anti-Corruption Law of Ukraine (hereinafter - Law) «On Prevention of Corruption» and the norms of domestic legislation, which: 1) define the so-called «corruption categorical apparatus»; 2) regulate responsibility for actions/inactions that can be interpreted within the same «corruption categorical apparatus».

At the same time, regulatory gaps remain significant, in particular, the inconsistency and conflict of the so-called anti-corruption terminology contained in related normative legal acts, which have higher legal force.

Agricultural land market, which is a moving mechanism for the development of new corruption schemes, is a separate and most noticeable corruption risk in the field we are investigating. For some reason, land relations serve as almost the most popular area for the practice of «unlawful enrichment». In particular, the main anti-corruption body of our country (the National Agency for the Prevention of Corruption) identified the «top 30 corruption schemes in the land sector» and proposed algorithms for their minimization.

The actual opening of the agricultural land market, in itself, already increases the corresponding corruption risks. After all, land is an object of increased interest for all citizens, since, in accordance with the Constitution of Ukraine, it becomes an object of property rights of the Ukrainian people. Taking into account the relatively recent adoption of the Law «On Amendments to Certain Legislative Acts of Ukraine Regarding Conditions of Transfer of Agricultural Lands» [158] and corresponding changes to the Land Code of Ukraine [159], the above thesis is particularly relevant.

An effective method of analysis of research problems was served by the use of a system of methods of scientific knowledge, among which was applied, in particular, logical-semantic, system -structural, historical and comparative-legal methods.

Corruption is a widespread phenomenon that has been known to mankind since the time of the formation of the first state entities. It was the establishment of a certain kind of advantages of one group of the population over another that became the prerequisite for the emergence of such a concept, because in conditions of social inequality, the opportunity of the «stronger» to defend their own needs and interests with the help of attracting material factors is best seen. Today, domestic realities have not undergone significant transformations. The main difference is that the essence of modern legal views on the state and the law excludes any discrimination, and corruption, in its original form, serves as a tool for its spread, and therefore appears as a socially negative factor.

Currently, the regulatory field establishes this term in Article 2 of the Law on Prevention of Corruption [160], understanding it as two basic components: 1) «receiving/offering to receive an unlawful demand» and 2) «by abusing the official position granted by the state/local community». In the same way, the term «unlawful benefit» received its normative consolidation, embodying under it any profits and demands, both of a material and other nature.



At the same time, the legislator fixed under this concept an action aimed at both «the proposal to provide such a disproportionate benefit» (*Article 369 of the Criminal Code*) and «provocation to the implementation of such an action» (*Article 370 of the Criminal Code*), in particular, by providing for criminal liability in the relevant articles of the CCU.

The social danger associated with obtaining an illegal benefit lies in its spread precisely among the subjects of power - those whom we trust to make important decisions for citizens, which actually causes the emergence of distrust on the part of society.

An important element of creating a positive image for our state is the formation of a set of measures regarding, first of all, «prevention of corruption", which consists of a set of state-sanctioned legal means aimed at establishing preventive measures to prevent the emergence of corruption risks and the introduction of sanctions for abuse of power in the field of public administration. Accordingly, it is legal means that are an important indicator of minimizing corruption risks in any sphere of public life, and especially in land, since it is the main natural resource and wealth of our nation for Ukraine.

Since the field of land relations has been in the process of reform throughout the existence of our state, and this is especially relevant during the opening of the land market, the progression of the emergence of corruption risks is growing rapidly, and therefore - causes the need to develop effective ways to overcome them. One of the preventive elements of the occurrence of corruption - dangerous situations is the awareness of responsibility for illegal actions.

At the same time, the analysis of statistical data showed that the number of persons against whom verdicts /decisions regarding corruption offenses committed by them entered into force in 2020 was 524. And the distribution of them according to the spheres of activity carried out by NAZK gives us grounds to assert that corruption risks in the field of land relations are among the highest [161].

Acting today and essentially new with unprecedentedly tough anti-corruption regulations was the Law «On Prevention of Corruption», adopted on October 14, 2014 within the so-called anti-corruption package of laws, which the Verkhovna Rada dared to adopt only under pressure from the international community and protesters outside the walls of the legislative body. This normative legal act defines the legal and organizational principles of the functioning of the corruption prevention system in Ukraine, the content and procedure of applying preventive anti-corruption mechanisms, rules for eliminating the consequences of corruption offenses in general [160].

At the same time, the Law «On the principles of anti-corruption policy in Ukraine (Anti-corruption strategy) for 2014-2017» [162], which is completely new for our country and is as comprehensive and systematic as possible in relation to the most important spheres of public life, was adopted. It should be noted that the corresponding State program for its implementation should have been and was adopted for the implementation of the strategy, however, much later. And until now, the Verkhovna Rada of Ukraine has not been able to adopt the new Anti-Corruption Strategy, which is annually developed and submitted to the appropriate authorities by the NAKC.

Summing up, we can safely say that since 2014, anti-corruption legislation has gained a fundamentally new level and started to be implemented in practice. At the same time, the tools of the basic anti-corruption law, in particular, have not yet been implemented at a high effective level, and the minimization of corruption risks remains extremely relevant when the relevant subjects exercise their power. Despite the active fight against illegal enrichment, there is a need to improve and harmonize the system of anti-corruption laws.

Regardless of the development of proper anti-corruption legislation, which ensures the practical implementation of norms, and does not create only a «visibl» effect, an important element of understanding the issue in its entirety is its theoretical component. In order to understand the problem one hundred percent,

it is worth paying attention to the essence and demarcation of the concepts that identify the degree of responsibility for an illegal act of corruption.

The Law «On Prevention of Corruption» from 2014, which acts as a «flagship» in modern anti-corruption legislation, presents a number of legal terminology and legal concepts important for combating corruption, namely: «anti-corruption examination», «corruption», «corruption offense», «unlawful benefit» and others. This law introduced a new concept of «corruption-related offenses» (Article 1) [163, p. 194].

«Corruption» appears as the basic definition for bringing legal responsibility, and in accordance with Article 65-1 of the Law on Prevention of Corruption, all four types of legal responsibility are provided for the commission of corruption or corruption-related offenses: criminal, administrative, civil legal and disciplinary [160].

The aforementioned domestic anti-corruption law regulates two types of relevant offenses: «corruption-related offense» and «corruption offense», which are distinct from each other. For some reason, «corruption offense» is defined as an illegal act with signs of corruption, and its feature is the presence of three types of legal responsibility: criminal, civil and disciplinary.

At the same time, «crime related to corruption» does not include signs of corruption at all (as a criminal offense), but such an act violates the requirements established by the Law on Prevention of Corruption. It is not by chance that the specified regulatory act in the transitional provisions contained an updated version of Chapter 13-A of the Code of Administrative Offenses [164] with a list of articles providing for administrative liability for the specified offenses, which, in fact, correspond/should correspond with the requirements/prohibitions that Law «On Prevention of Corruption» established in relation to the entities listed in Article 3.

Regarding corruption offenses in general, L. M. Shestopalova in particular, as well as many other scientists, point out that the jurisdiction over them should

be within the competence of anti-corruption state bodies, special structural units and authorized managers [163, p. 195]. We do not support this point of view, because: 1) there are clearly defined subjects of anti-corruption, among which only half are purely anti-corruption bodies; 2) in our opinion, the system of newly created anti-corruption bodies is unreasonably inflated and unjustified.

Returning to the subject of the study, we note that the unifying component for both illegal acts is the subject - a person who commits a criminal offense or an offense related to corruption by using/abusing official position/authority.

The legal regulation of prevention and counteraction of corruption in the field of land relations consists in the application of legal responsibility, where the most common type is administrative, in fact, for offenses related to corruption, where offenses in the field of land relations are their component, which is ratified by the current edition of Chapter 13- And KUpAP with the title «Administrative offenses related to corruption» [164] and Law «On prevention of corruption» [160].

Analyzing the sanctions provided for by Chapter 13-A of the Criminal Procedure Code, it is possible to ascertain the presence of the following types of liability: 1) fine; 2) confiscation of income, gift, rewards received by committing an administrative offense and 3) deprivation of the right to hold certain positions/engage in a relevant type of activity [163].

Administrative responsibility for offenses related to corruption in the field of land relations includes two components: «land relations» and «administrative responsibility for offenses related to corruption.» Similarly, corruption offenses in the field of land relations include two definitions: «land relations» and «criminal liability for corruption offenses».

The key in both concepts is «land relations», because it is they that determine the specifics of responsibility. At the same time, as Shkuropat O. noted, the domestic anti-corruption regulatory framework does not provide for acts that would draw attention to the need for a special type of state management in the

field of land relations. The researcher pays special attention to the fact of the negative impact of corruption on the ecological and territorial integrity of our state, therefore, taking into account the above-mentioned problems, the first priority is the approval of the corresponding program, which would soon be able to create a tool for detecting corruption offenses and offenses related to corruption in land legal relations [165, with. 144].

Since the institution of civil liability belongs to the sphere of private law, within which personal non-property/property relations are regulated, which are based on the principles of legal equality of their participants, in contrast to the principles of official law as part of a more complex, administrative law, in the context of the sphere of public relations, which provide the inequality of the parties and their certain hierarchy, the list of corruption articles in the civil legislation is not singled out. At the same time, at the end of 2019, the so-called mechanism of «civil confiscation of assets obtained illegally» was introduced. In particular, the Law «On Amendments to Certain Legislative Acts of Ukraine Regarding the Confiscation of Illegal Assets of Persons Authorized to Perform the Functions of the State or Local Self-Government and Punishment for the Acquisition of Such Assets» [166], adopted at the specified time, provides for amendments to a number of laws of Ukraine regarding the implementation of such a mechanism. And the most significant of them were the updated norms of the Civil Code of Ukraine, in particular Chapter 12 with a new title: «Peculiarities of legal proceedings in cases of recognition of unsubstantiated assets and their collection into state income» and Article 290, which provides for the regulation of the procedure for filing a claim regarding the recognition of unsubstantiated assets persons authorized to perform public-authority functions, and collection of such in state income [167].

The Criminal Code of Ukraine also received significant changes in connection with the adoption of the above-mentioned law, in which article 368-5 [168] appeared, in which the definition of the term «illegal enrichment», its

features and the degree of responsibility for such a corruption offense appeared. implementation mechanism already regulated both in Article 290 of the Code of Civil Procedure and in a number of other normative acts regarding the prevention and direct counteraction of corruption and its manifestations.

Therefore, civil liability for the relevant type of offense arises from contractual law, and the peculiarity of such offenses is the infliction of material damage by corrupt actions. Violation of labor or official discipline in connection with violation of corruption legislation entails disciplinary responsibility. At the same time, precisely this terminological description of corruption offenses is absent in the anti-corruption regulatory framework.

At the same time, the widest palette of such violations, and therefore liability, is provided for in the Criminal Code of Ukraine, although, in contrast to, in particular, the Code of Administrative Offenses, and disregarding the rules of rulemaking, without systematicity and representation in one structural element. Thus, it is precisely in the note to Article 45 of the Criminal Code of Ukraine that a list of articles establishing criminal liability for corruption offenses is established, with a distinction between only such, according to two criteria: 1) the presence/absence of «abuse of official position» when committing a corruption criminal offense; and 2) the commission of the actual «criminal offense related to corruption», where only two articles are absolutely legitimately assigned, namely: regarding responsibility for false data in e-declarations (as a result of the Decision of the Constitutional Court of Ukraine of 27.10.2020 under no. 13 [169], including regarding the impracticality of applying criminal liability for an offense that does not contain signs of a «criminal corruption violation»).

It is this norm (Article 45 of the Criminal Code) that regulates the impossibility of a person's own release from criminal responsibility based on effective remorse, if the latter has committed a corruption criminal offense and a criminal offense related to corruption for the first time. This imperative is

explained, in particular, by the threat of the existence of corruption as a phenomenon and the state's interest in overcoming it as soon as possible [168].

In accordance with the changes introduced on June 29, 2021, the footnote to the said article of the CCU was supplemented with a list of articles that are considered «criminal offenses related to corruption». This update created an additional terminological conflict, because the previous version of the article used only the meaning of corruption criminal offense [168], and the Law of Ukraine «On Prevention of Corruption» [160] does not contain such a term.

And no matter how society as a whole relates to the rather controversial Decision of the Constitutional Court of Ukraine dated October 27, 2020, which actually put on hold and canceled the rather significant work of the NAKC and a number of other anti-corruption bodies, including the one related to the arrest to legal responsibility for the relevant type of offense of a corrupt nature, nevertheless such a decision of the domestic constitutional body has a legal basis, regardless of the fact that as a state, Ukraine, received negative reactions in the international arena and suffered significant reputational risks as a result of its adoption.

At the same time, we note that in 2018, with the corresponding changes to the Criminal Code of Ukraine [170], the lawmaker changed the essential approach to the category of «crime» within the regulatory field, replacing it with «criminal offense», which, in turn, is divided into «criminal misdemeanors» and «crimes», thereby, so to speak, unified a complete system of offenses of any legal nature.

Actually, bringing to disciplinary responsibility for corruption and related offenses, including, in the land sector, there is an official investigation, is carried out in accordance with the Procedure for conducting an official investigation in relation to persons authorized to perform the functions of the state or local self-government, and persons, which for the purposes of the Law «On the Prevention of Corruption» are equated to persons authorized to perform the functions of the state or local self-government, defined by the CMU, where paragraph 8 defines

that the members of the commission who conducted the specified official investigation draw up an act describing all the circumstances of the investigation, statements and explanations of the person in accordance with which the investigation was initiated, as well as conclusions and proposals for the elimination of detected offenses, etc. [171].

In particular, disciplinary liability may «accompany «other types of liability, penalties in accordance with which are imposed on a person for committing the corresponding acts of a corrupt nature, or be imposed separately. In any case, if there is relevant information, the head of the body is obliged, either on his own initiative or in accordance with the prescription of other specially authorized subjects, to initiate an official investigation and make a decision based on the fact.

The issue of amending Article 1 of the Law of Ukraine «On Prevention of Corruption» remains relevant, because despite the existence of legal responsibility for corruption offenses and offenses related to corruption in the form of criminal, administrative, civil and disciplinary, there is no clear terminological definition regarding of each species. Since the current normative plane in relation to the offenses we are investigating is quite complex and conflicting, since it operates in a number of categories: «corruption offense»; «criminal offense related to corruption» (Article 2 of the Criminal Code «On Prevention of Corruption» [160]); «corruption criminal offense»; «criminal offense related to corruption» (Article 45 of the Criminal Code of Ukraine [168]) and «administrative offense related to corruption» (Chapter 13-A of the Code of Criminal Procedure [164]) and requires appropriate systematization in the basic anti-corruption law.

Summarizing the above, we note that administrative responsibility for offenses related to corruption in the field of land relations is regulated by Chapter 13-A of the Criminal Procedure Code, namely: «Administrative offenses related to corruption» and the Law of Ukraine «On Prevention of Corruption». The list of «corruption articles» for which criminal liability is applied is fixed in the



Criminal Code, namely, the footnote to Art. 45, and contains a clear distinction between the articles that provide responsibility for offenses related to corruption and actual corruption offenses. Disciplinary responsibility is characterized by a low level of social danger, and its basis is labor discipline. Civil liability consists in compensation for material and moral damage caused by the commission of an offense related to corruption/corruption offense. A fairly new institution for the system of domestic law - civil confiscation - was introduced, which actually regulates the procedure for filing a lawsuit regarding the recognition of assets of persons authorized to perform public-authority functions as unfounded, and their collection into state income.

In connection with the opening of the land market, the probability of the growth of corruption risks also increases, therefore the introduction of an effective institution of legal responsibility for corruption and related offenses in the field of land relations is an extremely important factor that minimizes the risks of corruption in the investigated area. Accordingly, modern domestic anti-corruption legislation, although it is in historical retrospect - in good condition, as well as the mechanism of its implementation - still needs significant improvement, changes and the presence of political will to strictly observe it. Despite the active fight against corruption, there is a need to improve and align the system of anti-corruption laws, in particular, the terminological apparatus, the adoption of an up-to-date Anti-Corruption Strategy with a structural division on prevention and countermeasures, specifically in the field of land legal relations, and strict compliance with anti-corruption legislation regarding prosecution of guilty persons.

## CONCLUSIONS

1. State activity in the field of introduction, legal regulation and organization of tax administration in the legal system of Ukraine is defined as tax policy. In the process of its implementation, specific functions of taxation are manifested. They determine the essence of such a process in action and are a way of expressing its properties. Proceeding from the essence of the tax as a categorical concept and taking into account the fact that the taxation process acts as a regulatory and legal mechanism for the centralization of part of the value of the national product in the budget for the financing of public public goods and is a means of redistribution of this value, the science of tax law defines the functions of this category: fiscal and stimulating. In the system of legal regulation of taxation of agricultural producers, the implementation of the stimulating function consisted in the legislative establishment of a tax discount, which is deducted directly from the tax amount, and not from taxable income, as well as in the state budget financing of agricultural production entities. Currently, such preferences have been significantly limited at the legislative level.

The author's proposal for the activation of tax incentives for subjects of the agrarian sector is to retain, in the version of the PC of Ukraine, which was in effect until January 1, 2016 [5], the application of a special VAT taxation regime, or at least to retain for representatives of the sugar industry and producers of animal husbandry and vegetable production, horticulture, viticulture. This will make it possible to ensure the stable development of the agricultural sector in modern conditions of instability caused by attempts to organize the agricultural land market; the limitation of budget subsidies, the economic inefficiency of bank loans, the rise in prices for material and technical resources and other manifestations of financial instability in the state in the conditions of a difficult sanitary and epidemiological situation.

2. European environmental taxation is a complex system of various types of tax payments, a mechanism for trading emission quotas, as well as a number of

both tax and non-tax incentives. EU business entities pay most of their environmental taxes in the price of energy products and electricity they use in their activities, and the amount of emissions is regulated using the quota trading system. The experience of the EU countries shows that the greening of relations in the system of the national economy should take place quite comprehensively. Despite the existing positions in domestic science that «the application of the «polluter pays» principle in domestic practice has not yet revealed all its potential possibilities...» [10, p. 265], the effectiveness of the domestic system of environmental taxation should be determined by a number of criteria such as environmental and economic efficiency, social and political acceptability, and institutional feasibility. In Ukraine, it is necessary to form an updated paradigm of environmental taxation, in particular, consider the possibility of strengthening the role of such an object of tax burden as an energy carrier and, accordingly, make changes to Chapter VIII of the PC of Ukraine. In addition, increasing the rates of environmental tax and other natural resource payments can compensate for the urgent need to liberalize direct and property taxation of domestic producers.

3. Each of the subjects of public administration in the fiscal sphere is a separate part of a single functional system of subjects of public administration, has its respective legal status, which is determined by laws or by-laws, is empowered to make public power decisions and is focused on activities on basis and for public enforcement of the law.

Improvement of public service activity in the fiscal sphere based on strict adherence to the principles of such activity will ensure the minimization of taxpayers' contacts with fiscal sphere employees. This, in turn, will make it possible to reduce corruption risks at all levels and in all areas, to achieve simplification of tax and customs procedures, transparency and facilitation of small and medium-sized business operations and improvement of the investment

climate in the state, support for export growth and simplification of international trade procedures, increase efficiency of the labor market.

A mandatory condition for improving the information culture of the population as a whole, and the employed population in particular, is the creation of a wide network of advanced training and retraining in the field of information technology development in the state in the context of the introduction of an increasingly wide range of electronic government software products in the state.

4. Modern priorities of public administration in the field of taxation of the agrarian sector of the economy of Ukraine should include a formed statesmanship position aimed primarily at the implementation of: a simplified, and at the same time, fair and transparent taxation procedure; taking into account the peculiarities of conducting domestic agrarian business depending on the natural and territorial components; ensuring the need for updating the active part of the material and technical base, taking into account the appropriate tax regulation of agricultural production (development of a simplified tax mechanism, the so-called «portfolio of benefits/preferences», etc.).

Based on the importance of the «agrarian sector «in ensuring food security, and not only in Ukraine, especially in the conditions of a rapidly growing number of inhabitants of our planet, tax administration in the domestic agrarian sector of the economy is extremely important and requires the development of a system of effective regulators and optimization mechanisms on the part of the state. After all, it is the state support of the agro-industrial sector that is the key to its sustainable development and ensuring the food security of the country as a whole. At the same time, the direction of such state support should primarily concern small agricultural enterprises and the provision of an appropriate investment and innovation platform for the development of the domestic agricultural sector.

5. In the system of current national legislation, there is no comprehensive legislative act that would regulate the relations between subjects of the agrarian sector and local self-government bodies, as well as their joint actions regarding

the socio-economic development of rural areas. Under such conditions, the strengthening of the commercialization of agricultural production leads to an increase in the income of the subjects of the agricultural sector, with a simultaneous decrease in their social responsibility. Under such a variant of the development of the industrial and social situation in rural areas, the depopulation of the village and the degradation of its potential will accelerate. Currently, the way to overcome such negative consequences is the involvement of subjects of the agricultural sector of various organizational and legal forms of management (agricultural enterprises and their associations, etc., and especially - farmers and personal peasant farms) in the implementation of the process of socio-economic development of the village. The specified activity should be implemented in close cooperation with local self-government bodies, which can find opportunities to attract funds from local budgets. The proposed administrative-legal mechanism of influence of agricultural producers on the socio-economic development of the village should find legislative consolidation in the new law on the development of agriculture and rural areas for the relevant period, which should be developed and adopted as a single comprehensive strategy in the system of state policy for the development of the agrarian sector of the economy of Ukraine.

6. The prospect of further scientific research on the topic chosen by the authors of this study can be the study and formation of an effective administrative and legal mechanism for the establishment of constructive interaction between local self-government bodies and local state administrations, as representatives of the state executive power in the regions, in the field of implementing measures for the joint protection of the rights of sub economic entities and creation of a system of guarantees of such protection. Also, in order to improve the level of effective joint implementation of such measures by them, it will be necessary to ensure the completeness and perfection of the regulation of the relevant status and competence of the mentioned bodies, to improve the procedure for the delegation of powers, to clarify the scope of their competence at the level of the basic laws

of Ukraine «On Local Self-Government in Ukraine »and «On local state administrations", as well as special legislative acts, which provide for the implementation of the mentioned competence in certain areas, their harmonization among themselves.

7. One of the main directions of legal regulation of socio-economic relations in the established paradigm of decentralization of power in Ukraine should be provision of local budgets of rural territorial communities with their own financial resources. After all, such resources are the main tool with which local self-government bodies can influence the local activity of the community, create conditions for the economic and social development of the territory of their jurisdiction, etc. However, the peculiarities of the formation of modern tax policy have created conditions under which only certain national and local taxes and fees, as well as certain non-tax payments, have a rational fiscal direction and can contribute to the filling of local budgets at the required level. Taking into account the above, theoretical and legal proposals are provided regarding the paradigm of further development of domestic tax legislation to increase the effectiveness of the influence of agricultural sector entities on filling rural budgets with financial resources. In the conditions of growing demand and prices for agricultural products on world markets, in the conditions of the general economic crisis caused by the Covid-19 pandemic, a set of practical actions is proposed for local self-government bodies to ensure the expansion of the tax base within their territorial jurisdictions.

The further search for other effective mechanisms for the formation of an integrated system of legal guarantees of compliance with the basic principles of building local fiscal policy in Ukraine according to international regulatory and legal standards, taking into account the traditions acquired by the Ukrainian peasantry, is seen as promising directions for further research by domestic and foreign scientists on this issue.

8. The financial risk of agricultural producers is a type of business risk. Factors may include: a change in tax policy, which may increase the tax burden and, as a result, increase the tax liability; the possibility of surcharges, payments and fines for unintentional violation of current legislation by a business entity; errors and shortcomings in planning, design and business organization.

Financial risk is considered an integral part of any financial activity of an agricultural producer, which is a financial relationship that has different directions of manifestation and the occurrence of objectively existing insufficiency, inaccuracy or illegality of financial and legal information about certain events or their coincidence.

The tax burden affects the profit of agricultural producers and is one of the key factors that affect the development of the agricultural sector in the country, the competitiveness of small and medium-sized socially oriented agricultural businesses, and also reflects the priorities of the development of agricultural activities. Therefore, legal regulation of agricultural production is one of the key issues on the agenda. Ukraine needs to reform the system of taxation of agricultural production in order to form a balanced structure of agro-industrial production on the model of European countries.

9. An analysis of the legislation of EU member states, in particular Poland, the Czech Republic, and Austria, provides grounds for the conclusion that the legal acts of these countries contain a number of tax benefits for producers of agricultural products, including: a reduction in farm income tax; real estate tax benefits; discounts on fuel excise tax; absence of taxes on inherited property or agricultural land and buildings, ownership of which is acquired on the basis of a donation contract; reduction of contributions within the framework of a special social insurance scheme.

10. Compared to other countries of the world, the fiscal mechanism of Ukraine is imperfect, because the capabilities of taxpayers and their impact on the security of the state and people are not taken into account; the principle of equality

of all producers of agricultural products and food products has not been established, as a result of which large agroholdings are being enormously and unjustifiably enriched; availability and availability of food in the state is not always such that the population is able to buy it.

Due to the COVID-19 pandemic, Ukraine's economy and its food security are without proper legal regulation of the fiscal mechanism, which should objectively regulate a broad system of budgetary and tax relations, create new opportunities for economic development, and imitate the anti-crisis programs of developed countries. In particular, this concerns the extension of tax holidays or the development of a special tax payment schedule, the introduction of credit holidays and special programs for affordable business lending and wages, etc., without which it will be very problematic to maintain the country's economy and food security in a stable state.

11. Legal regulation of agricultural production and support of small and medium-sized agricultural producers is a key task that is currently on the agenda in all countries, and in Ukraine in particular. Wide application of the preferential taxation system for agricultural producers in the EU member states has been established. Having analyzed state support for agricultural producers in EU member states using the example of Poland, the Czech Republic and Austria, we can conclude that the legislation of these countries provides for a significant number of tax benefits for agricultural producers and foresters, in particular: income tax reduction; absence of taxes on agricultural land, as well as property inherited from agricultural producers; real estate tax benefits; reduction of excise tax on fuel; reduction of social insurance contributions. The reduction of taxes increases the competitiveness of small and medium-sized economic entities that carry out their activities in agriculture and forestry. Tax benefits also increase the profits of agricultural producers and contribute to the development of certain types of agricultural activity. In Ukraine, there is an acute issue of the need to reform the system of taxation of agricultural production using the experience of EU



member states, which has proven its effectiveness, in order to support the domestic agricultural producer and ensure the country's food security. Therefore, the introduction of a preferential taxation system for agricultural producers at the expense of EU member states may be a perspective for further research on the topic.

12. It is still necessary to understand, forecast and define the main orientations of scientific research on the implementation of strategic provisions, in particular, the problems of tax legislation in the agrarian sector of the economy of Ukraine. Yes, we offer to consider the following as one of these guidelines:

1. Theoretical and methodological level (understanding of ideas and interpretations of the main concepts of the subject of research, search for the most adequate method of learning the subject).

2. Practical level (diagnosis and classification of problems of formal legislation, provision of system recommendations).

For example, the first level can include:

- 1) philosophical and legal understanding of human rights and the legal state of Ukraine; the law and culture of the Ukrainian people in the field of traditional agricultural management, as well as the problems of legal interaction (partnership) between public authorities and agricultural producers in solving strategic development guidelines;

- 2) an integrative methodological approach in law - a complex subject defines a complex method-instrument of financial, administrative, agrarian, etc. branches of law. The field of taxation in modern society is considered as an actual means of managing social processes, stimulating development, ensuring the acquisition of the ability of the service state to fulfill its main constitutional duty to assert and ensure human rights and freedoms (Article 3 of the Constitution of Ukraine). In this aspect, the specified subject can be studied at the junction of social, economic, legal, etc. sciences, taking into account the possibilities of an integrative approach in law;

the following areas can be attributed to the second level:

1) understanding the state of legislation, carrying out the classification of legal norms and acts of agrarian and tax legislation, as well as their analysis and providing recommendations regarding the compliance of the logic of such classification with the requirements of the modern state policy of European integration;

2) analysis of gaps in tax and agrarian legislation, their classification and development of ways (principles, means, methods and their forms) of improvement;

3) implementation of the classification of the main current functions, elements of competence and structure of public administration bodies in the field of taxation of agrarian management;

4) justification of the possibilities (principles, means, methods and their forms) of legal adaptation of the tax legislation of Ukraine in the agricultural sector within the limits of the above-mentioned acts of international law;

5) justification of the problem of legal convergence (convergence of complex systems) of tax legislation in the agrarian sphere of the EU and Ukraine within the limits of the above-mentioned acts of international law, etc.

The specified list of landmarks is not exhaustive, but indicative for understanding, knowledge and development. In general, any idea in the justification of strategic development and improvement of legislation should not lose the spirit and the purpose enshrined in the Preamble and other sections of the Constitution of Ukraine, developed by the centuries-old history of the Ukrainian people, the tradition of its cultural identity, and the need to realize the right to self-determination.

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