

FEATURES TAXATION AND SOCIAL INSURANCE OF FARMS

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Key words: farms, general taxation system, simplified taxation system, single tax.

Summary. Peculiarities taxation of farms in modern conditions are considered. It is emphasized that the taxation small businesses in the agricultural sector needs legislative improvement and integration into EU law, taking into account the current economic realities of Ukraine. It is necessary to transform essence of the simplified taxation system to reduce tax burden to simplify the accounting and reporting taxpayers. The simplified system should be a transitional link to the introduction of a common taxation system, even for small businesses, using effective methods of state support. The analysis legislative acts showed that the Law of Ukraine "On Amendments to the Tax Code of Ukraine and some laws of Ukraine stimulate the formation and operation family farms" № 2497-VIII of 10.07.2018 allows to streamline the activities of individuals entrepreneurs who are producers agricultural products, as well as to provide local governments with additional income through the use of land located in their territories. Taxation systems for individual entrepreneurs and for farms – legal entities have their pros, cons and limitations are considered. It is emphasized each case it is necessary to make approximate calculations and compare results with each other. First of all, choose the system will lead to the lowest tax payments. Appropriate measures are proposed to create a favorable economic climate for the development farms. According to the current tax legislation, farms can work on the general system taxation, as well be a single tax payer group 4. Paying a single tax is beneficial for farms because it replaces multiple taxes, reduces the tax burden and saves time on compiling and filing tax returns.

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Introduction. There are farms (individual and family) an important component agricultural sector of Ukraine's economy and effective mechanism that promotes increasing employment and income growth in rural areas, involvement investment resources in agricultural production.

The positive dynamics agricultural sector of developed countries (China, USA, Poland) is due transition farming; introduction of various forms cooperation and agro-industrial integration; effective system of counseling (advisory), and this in its own in turn, promotes development of the agricultural sector through tax, credit, accounting and insurance policies; protectionist measures by the state [1].

Our farms make a significant contribution to production agricultural products. The positive is that the vast majority their products are produced

sells in foreign and domestic markets and only a small part the products leaves for own use (food needs, exchange, seeds and insurance funds, etc.).

Domestic farmers, despite certain economic problems, provide more efficient use of agricultural resources, as it is fully implemented here economic interest the producers themselves, who are mainly owners of these resources, or on lease terms use some of them. In recent years, there has been a negative downward trend in Ukraine number of farms. The main reason for this situation is domestic agrarian experts call the lack of potential farmers start-up capital, on the basis which it would be possible to build an efficiently functioning agricultural production [2].

There are also a number restraining factors in the development farming in our country, including: imperfection of the legal framework in the areas the permit system and licensing, limited participation in government procurement, the lack of an effective training system for implementation entrepreneurial activity in the agricultural sector, etc.

Purpose of work. There is a consideration existing problems and prospects for further operation farms, well as their role in the effective development of the agricultural sector the economy. Consider pros and cons of the tax system for individual entrepreneurs and for farmers. To substantiate the need transform the essence of the simplified taxation system to reduce the tax burden to simplify the accounting and reporting taxpayers.

Material and research methods. The theoretical and methodological basis the study were the main provisions of economic theory, scientific works of domestic and foreign scientists. The following methods were used in the research process: analysis and synthesis; abstract-logical; comparison – to compare actual data for individual periods and years to visualize the change over time in the indicators of the studied aspect of the problem.

Research results and discussion. The agro-industrial complex of Ukraine is one important sectors the economy of Ukraine and has a real potential to ensure a leading position in the production, storage and processing of agricultural products.

An important role in this is given to farms that have actually become full-fledged entities in the agrarian diversified economy, have passed their first stage of formation and formation.

Farms as a small form of entrepreneurship have advantages over large-scale production:

- easy to design, entering the market and leaving it for them is not a serious problem;
- are flexible in economic activity; react quickly to changes in market conditions;

- have obvious savings on domestic transportation and management costs compared to large agricultural formations;
- more interested in more efficient work.

According to the Law of Ukraine “On Farming” of June 19, 2003, as amended on July 10, 2018, farming is a form of entrepreneurial activity citizens who have expressed a desire to produce marketable agricultural products, process them and sell them for profit. Land plots provided to them for farming and / or personal farming in accordance with the law [3].

Research by domestic and foreign scientists shows that one of the strengths of farms is their sustainability. All of them work in conditions of risk and uncertainty, which are characteristic of the agricultural sector, but retain their structure, functions and self-identity [4].

At present, they have many socio-economic problems and one of them is the organization of competitive production. In conditions of fierce competition, farms can function successfully, mainly with the production of competitive products. Among the main problems of the functioning of farms that require a solution in the legal field, scientists highlight: the imperfection of the mechanism of long-term lending and taxation of farms; insufficient size of land plots for efficient management, lack of land management projects for ecological and economic justification of crop rotations and land management; a large number of documents required for state aid [5]. Farming came into our lives instantly and can be said without warning. But only then, in the process of developing farming, began to form a legal framework to legitimize this form of management.

Farms in the world are one of the most effective forms of management, a reliable means of solving the food problem and ensuring the socio-political stability in the country. At the same time, domestic farms today are at the stage of development, which is characterized by low growth rates of turnover and low results of production and economic activity. The effective development of farms is closely related to the problem of scientific substantiation of rational taxation of small businesses in the agricultural sector, current areas of reforming the simplified taxation system, the application of which will promote optimization of their functioning.

An effective tax policy must ensure a compromise of the interests of all participants in economic relations: government, business, local communities, citizens, etc. Taxation is an important component of the system of financial regulation of agro-industrial production, a significant lever of influence on solving problems related to the social importance of agriculture – food security, mitigation of natural and economic risks, stimulating economic activity in rural areas, environmental protection. environment, ensuring the harmonious development of rural areas and increasing the level of rural employment [6].

Tax relations are secondary to pricing in distributive relations. However, they can contribute to price fluctuations as a reason for their increase or decrease [7]. Today, the development of agriculture is of special importance for the successful development of Ukraine. After all, agriculture in Ukraine is one of the most important sectors of the economy. It provides 8.2 % of gross value added, employs more than 3 million people, uses fixed assets worth more than UAH 100 billion, operates almost 56.5 thousand businesses that use 21.6 million hectares of agricultural land. Agriculture increases the efficiency of the national economy by providing employment to the rural population. Given the seasonality and high risk of agricultural producers, taxation of agricultural enterprises has always been one of the special types of tax relations. Since the independence of Ukraine, the issue of state support and protection of domestic agricultural producers in the price, social and tax policy has constantly arisen [8].

Analysis of recent research and publications. Such domestic economists-agrarians as Berezhivsky P.S., Bitter O.A., Galanets V.V., Hnatyshyn L.B., Lipchuk V.V. devoted scientific works to the problems of development farms and tax legislation on their activity, Malik M.Y., Mesel-Veselyak V.V., Mikhasyyuk I.R., Sabluk P.T., Tomich I.F., Cherevko G.V., Shulsky M.G., Yurchishin V.V. etc. They consider the theoretical problems of family farms, analyze the organizational, economic and social conditions of their functioning, determine the ways of their further development.

Despite significant research (Malik, Shpykulyak and Mamchur, 2018; Cherevko, 2017 etc.), a large number of issues related to the development of farms in Ukraine need further research. In particular, the issues of formation and activity of farms, organization, accounting and management in these enterprises are debatable (Pidoprigora, Kharina and Kiryushkina, 2019; Koval and Mandibura, 2016) [12,13,15,17].

As noted by I.M. Demchak, I.V., Swinous, D.M. Mykytyuk and others (2016) [9], the problems of entrepreneurship development in rural areas require a review of the role and place of farms in the process of self-employment and the formation of entrepreneurial initiative. In order to effectively develop and accelerate the growth of agricultural production on farms, effective state support mechanisms should be developed and implemented. According to O.V. Panasyuk (2014) [14], the relevant state support should take the form of simplified (preferential) taxation. According to the current legislation, farms can be on the general system of taxation, as well as be payers of the single tax of group 4, the single tax in other groups and have preferential VAT regimes. The payment of a single tax is beneficial for farms, as it replaces several taxes and fees, which reduces payments to the budget and saves time on the preparation and submission of tax returns. Traditionally, the goals of the simplified

taxation system are not so much to reduce the level of taxation, but to reduce the cost and time complex accounting and tax accounting (Kalmykov, 2016) [10].

According to O.V.Panasyuk, each of the regimes simplified taxation of farms has both its undeniable advantages and corresponding disadvantages that complicate its practical use, but a wide range general system simplified taxation of farms allows you to choose the most rational method calculation for taxes and payments. The main disadvantages of all simplified tax regimes for farms in Ukraine are the strictness of the requirements they have to meet in order to obtain preferential taxation, the focus in most cases on large and medium-sized businesses, insufficient ease of administrative support. To further ensure the development of farms in Ukraine, the system their tax incentives should be improved by eliminating its shortcomings and providing additional benefits to farms whose economic activity is non-dominant, which will help attract more investment in the industry. Not everything is easy with accounting and taxation of wages of employees and members of farms[14].

After all, the incorrect reflection in the accounting payments to members of farms and the accrual of wages to them as employees (at the expense of the enterprise) causes illegal overstatement of operating costs and, consequently, understatement of pre-tax profits. If for those farms that are on the simplified system of taxation, it does not affect the size of the single tax, then for enterprises that operate on the general system of taxation, for understatement of profits, the Tax Code provides significant penalties. Also, incorrect reflection in the accounting wages of members of farms causes a significant distortion of accounting and analytical management and financial reporting indicators (Karpenko, 2017) [11].

Analyzing changes in the legislation related to the taxation of farms, A.A.Chupeta (2018) [18] concludes that innovations slow down their development. The tax burden on the activities of farms is constantly growing: the regulatory monetary value land is increasing every year, which affects the amount of deduction of the Single Tax, also increases the minimum wage, which entails an increase in the deduction of SSC (and from the beginning of 2018 not only for workers but also for members of the farm), the abolition of the special VAT regime, which previously allowed the use of these funds for the development of their own business, significantly complicates the development of agricultural production.

Researchers IB Sadovska, II Babich and KE Nagirska (2019), summarizing the results of their own research, note: “Many problems in accounting, identified as a result of a survey farms, indicates the need for accounting professionals who have the skills of professional judgment. Given the small number employees in most farms (about 90 percent in Volyn region), we

recommend using outsourcing services. This form of accounting will protect farms from financial sanctions of various kinds, will allow to take full advantage of state support programs, which will result in an impetus for their comprehensive development” (Sadovska, Babich and Nagirska, 2019, p. 51) [16].

A significant number of methodological and practical issues related to tax regulation in farms have not been sufficiently studied. There is a need to conduct special studies of the transformation of the simplified system taxation of agricultural producers, to identify shortcomings in the modern tax regulation of farms and private farms.

The urgency the problem, insufficient research and coverage in the economic literature, theoretical and practical significance for the functioning of farms led to the choice of the topic our study, determined its purpose and logical-structural construction.

Our task was to outline the specifics taxation of farms in modern conditions and develop appropriate measures to create a favorable economic climate for their development.

The analysis of the current legislation on the peculiarities taxation of farms will allow us to recommend the best options for the taxation system in view of the real conditions of management. The Law of Ukraine “On Amendments to the Tax Code of Ukraine and Certain Legislative Acts of Ukraine Concerning Tax Reform” of December 28, 2014 №71 [7] amended the Tax Code of Ukraine [7], in accordance with which Chapter 2 “Fixed Agricultural gift tax” was removed from the Tax Code, and a separate group of single tax payers – the fourth – was allocated for former FAT taxpayers, using the possibility of applying a simplified taxation system. The essence of innovations related to changes in the conditions of application the special regime taxation of agricultural producers is the need for formalized and registered land rights in accordance with the law, the tax base is the normative monetary value of one hectare of agricultural land, taking into account the index.

It is established that the single tax in Ukraine is almost the only alternative taxation system. The amount of this tax does not depend on the results of economic activity of the entity, but on the size and monetary value of land owned or used on the farm.

The transformation the simplified system of taxation of agricultural producers, which was launched in 2015 and abolished the special regime of VAT taxation, has to some extent contributed to the establishment of fiscal justice compared to other categories taxpayers, but efficiency from the standpoint of equal conditions for different producers. (both in terms of organizational and legal form of management, and in terms of scope of activities, specialization) within the industry raises doubts. Farms have the right to work on

the general system of taxation with the payment of income tax or as a single tax payer (EP).

Farms without the status a legal entity, organized on the basis of the activities of natural persons-entrepreneurs (FOP), can also be on both a general and a simplified system. For a farm – a legal entity, these are the following systems: 1) the usual system of taxation – the payment of income tax. Its essence is that the profit is determined according to accounting data, which can be further adjusted for tax differences. Income tax is determined at a rate 18 %;

2) a single tax of group 3 with VAT. Rate – 3 % the proceeds, in addition, VAT must be paid;

3) the single tax of group 3 without VAT. Rate – 5 % of revenue;

4) the single tax of group 4.

The tax is paid as a percentage the area of agricultural land used in their own activities. For FOP it can be the following systems:

1) the usual system of taxation, the features which are established by Art. 177 of the Tax Code of Ukraine;

2) the single tax of group 2. A fixed monthly tax rate up to 20 % of the minimum wage is set; personal income tax (PIT) and military duty are not paid, but a single social contribution (SSC) should be paid;

3) a single tax of group 3 with VAT. The rate is 3 % the received revenue. In addition, VAT and SSC should be paid; PIT and military duty are not paid;

4) a single tax of group 3 without VAT. The rate is 5 % the received revenue. SSC is paid; PIT and military duty are not paid, VAT is also paid;

5) a single tax of group 4. The tax is paid as a percentage the area of agricultural land used in their own activities; PIT and military duty are not paid; VAT can be paid on a general basis; SDRs are paid on a general basis. Regarding the payment SDRs, a corresponding provision is provided.

The listed taxation systems for sole proprietors and FG – legal entities have their pros, cons and limitations. In each case, it is necessary to make approximate calculations and compare the results with each other. First of all, choose the system that will lead to the lowest tax payments.

The most popular system for both legal entities and sole proprietors is the single tax of groups 3 and 4. Although they have, firstly, various restrictions (not all entities can apply these systems); secondly, they will not be more profitable for all cases.

The legal entity or may choose the simplified taxation system independently FOP, provided that it meets the criteria and is registered by the payer of the EP (p.291.3 TCU). Only enterprises-agricultural producers can

be payers of EP of group 4. At the same time, the share of agricultural production for the previous tax year in them should be equal to or exceed 75 %.

EP payers of group 4 are exempt from payment:

- 1) income tax;
- 2) land tax for plots used for agricultural production;
- 3) rent for special use of water.

In addition to the exemption from paying part of the taxes, the advantage of EP is relatively low (compared to income tax) tax rates. The size of the EP is not tied to the performance of farmers. Therefore, it is beneficial for highly profitable FGs or for those who have a small enough plot of land in agricultural activities, because the EP is calculated from size of the plot.

Payers the EP of the third group can be both legal entities and individuals. The main thing is that during the calendar year the amount of income does not exceed 5 million hryvnias. Such payers may carry out any activities, except those prohibited by clause 291.5 of the TCU. The object of the EP of group 3 is any income received during the reporting period, both in cash and in tangible or intangible. The following rates are applied to such income:

- 3 % – for VAT payers;
- 5 % – for VAT non-payers.

Like EP payers, third-party payers are exempt from income tax and land tax for plots used in economic activities. And there is no benefit from the rent for special water use. This tax is also easy to calculate, but not beneficial to low-cost and unprofitable FG. They should think about moving to a common system.

FOP farmers who have chosen EP Group 2 have a fixed rate – up to 20 % of the minimum wage as of January 1. SSC is paid "for itself" in the amount not less than the minimum insurance premium for every month, unless, of course, the farmer belongs to persons who are subject to insurance on other grounds.

The maximum amount annual income for this group is limited to 1.5 million hryvnias. In addition, such a producer either does not use the labor of employees at all, or their number should not exceed 10 people.

It is clear that the EP for FG is the most reasonable option for taxation compared to the general system, because the rates are fixed and easy to calculate.

Although the general system taxation of farmers is not particularly respected, but the income tax is the most objective. After all, it is paid depending on the obtained financial result, determined according to accounting data, adjusted for tax differences.

There are no special conditions for the application of general taxation system. It can be used by any legal entity.

The rules for calculating income tax are set out in Art. 134 of the TCU, and the peculiarities the application of tax differences are prescribed in Articles 138-140 of the TCU. The tax base is the monetary expression profit, the basic tax rate is 18 %.

If a self-employed farmer is on the general system, then object of personal income tax is his net income. It is defined as the difference between the total taxable income (revenue in cash and in kind) and documented expenses related to the economic activity of sole proprietors. Date income generation – the date actual receipt of funds for shipped products, work performed, services provided. Actual expenses are reflected at the time of receipt income, by the cash method. Moreover, such costs must be related to its business activities, actually incurred (paid) and documented. The personal income tax rate is 18 %.

In addition to personal income tax, a self-employed farmer will have to pay a military tax at the rate 1.5 %, as well as SDR "for himself" from amount of income received, but not less than minimum insurance premium per month (regardless income received this month / profit or not). Unlike the simplified system, general one does not provide for exemption from paying other taxes and fees, and procedure for determining it seems difficult for farmers.

On August 10, 2018, the Law of Ukraine № 2497 “On Amendments to the Tax Code of Ukraine and Certain Laws of Ukraine on Stimulating the Establishment and Activity Family Farms” [3] entered into force. It will regulate a number issues related to activities of farms, as well as land taxation. In particular, it stimulates local governments to control the execution of land lease agreements. It is assumed that personal income tax on rent for land plots (shares) is credited to local budgets at the location of land plots.

To avoid different interpretations regarding the payment of personal income tax, the Tax Code was supplemented with a new sub-clause – 168.4.9, which stipulates that amount tax accrued by the tax agent on income for renting (sublease, emphyteusis) land, land shares (units), allocated or not allocated in kind (on the ground), are paid to the relevant budget at the location such leased objects (sublease, emphyteusis). Previously, legal entities that leased land paid tax to the local budget at the place of the tax address, and not to the budgets communities in whose territories land is located. As a result, these communities had no income from land on their territory. Now local governments have the opportunity to increase their own revenues and more efficient use of land.

Another innovation is the introduction land tax for forest lands. Amendments have been made to paragraph 273.1 of Article 273 of the Tax Code. The previous norm of this article provided the tax on forest lands is

levied as a component the rent determined by the tax legislation. The new version establishes the tax on forest land consists land tax and rent. Thus, local governments received an additional source income in the form of land tax for forest lands.

Also, this law gives the right to create family farms with the acquisition status an individual entrepreneur (Group IV of entities that apply a simplified system taxation, accounting and reporting). According to the changes made to sub-item 4 of item 291.4 of Article 291, such natural persons-entrepreneurs carry out activity on condition fulfillment the following requirements:

- carrying out activities exclusively within the framework of a farm registered in accordance with the Law of Ukraine “On Farming” [3];
- carrying out only production of agricultural products, their processing and supply;
- carrying out business activities (except for supplies) at the place of tax address;
 - non-use of labor employees;
 - members the farm of such a natural person are only members the family this person in the definition part two of Article 3 of the Family Code of Ukraine;
 - the area of agricultural land owned and / or used, water fund lands used by members of the farm is not less than 2 hectares, but not more than 20 hectares.

Previously, only a legal entity could be an agricultural producer, and now it is also self-employed farmers who meet all these conditions.

In order for a sole proprietor to be a payer of a Group 4 EP, only relatives living with the sole proprietor can be members of such a FG. This does not only apply to the wife (husband) and children who may live separately. The fact of cohabitation can be confirmed by registration at the place residence.

The law does not clearly state condition on the ownership or use land by FG members. After all, land can be owned or used by such members, but not used for FG needs. Therefore, to calculate this criterion, it is necessary to take into account all the land of FG members, and not only that used for the needs of FG. According to the criteria, activities within FG should be carried out only by private individuals.

For there are no members of this same FG. Thus, FG members may well be sole proprietors who carry out activities in other areas, or in addition to membership in FG to carry out other activities – to work under employment contracts, civil law contracts, to carry out independent professional activities. One of the criteria is the inability to use work of employees, employ-

ees under an employment contract. On the other hand, this concept is not clearly defined by law, which may be the basis for different interpretations. For example, employees may also include employees who work under a civil law contract.

Therefore, we would advise to avoid FOPs on EP group 4 to enter into both employment and civil contracts with individuals. If it is impossible to avoid this, then conclude only civil law, as indirectly indicated by the updated paragraph. 164.2.2 TCU. It would be appropriate for each FG member to file a declaration and pay taxes independently. As he does with regard to self-reporting and payment of SDRs.

According to the updated item 297.1 of TCU the farmer-FOP who is the payer of EP of group 4, does not pay the following taxes:

- PIT for own farming.
- land tax in relation to land plots used for agricultural production.
- rent for special use of water. Here we have a problematic issue with the land tax. Land tax is paid by owners and regular users of land. Therefore, if a sole proprietor as a natural person has the right of ownership or right to permanent use land for agricultural production, it is from such land that he will not pay land tax.

If in the activities of FG on the basis FOP land plots owned by the right of ownership or permanent use FG members are used, the privilege of item 297.1 of the TCU does not apply to such lands. Therefore, FG members must continue to pay land tax for such land. On the other hand, they can lease these lands to private individuals. Then the privilege of item 281.3 of TCU on payment is involvedland tax: owners land plots, land shares (units) and land users are exempt from paying the tax on condition transfer of land plots and land shares (shares) for rent to the payer the single tax of the fourth group.

According to the new requirements, if the FG is created the basis of FOP, it operates on the basis agreement (declaration) on the establishment of FG (Part 4 of Article 1). Moreover, such an agreement is made, including if the FG is created and maintained independently FOP. In fact, FG on the basis FOP acquires status of family not only when other family members participate in its activities, but also when it is created and maintained by FOP independently. To create a FG on the basis FOP, you must first enter into a written agreement (declaration) and notarize the location of property and land FG.

And only then to register FOP. Moreover, the Law of Ukraine of 15.05.2003 № 755-IV “On State Registration of Legal Entities, Individual Entrepreneurs and Public Associations” was also supplemented with new information on sole proprietors, which should be contained in the Unified State Register of Legal Entities, Individual Entrepreneurs and Public Asso-

ciations. Now, for the state registration a self-employed farmer, he must provide the state registrar with a contract (declaration) as part required package of documents. But if a sole proprietor is already registered and he wants to acquire the status a sole proprietor, a contract (declaration) is concluded, and then changes to the information on the sole proprietor are registered with the state registrar.

The law also establishes a preferential procedure for payment a single social contribution for all members the farm, including its head (additional payment of SSC from the State budget for 10 years) and payment personal income tax on rent for land plots (shares) to local budgets by location such land plots. Law of Ukraine of June 24, 2004 № 1877-IV “On State Support of Agriculture Ukraine” is supplemented by a new Article 13-1, according to which self-employed farmers are provided with financial support through surcharges to members and chairman of FG SRS in the amount of[3]:

- 0.9 of the minimum insurance premium – the first year;
- 0.8 of the minimum insurance premium – the second year;
- 0.7 of the minimum insurance premium – the third year;
- 0.6 of the minimum insurance premium – the fourth year;
- 0.5 of the minimum insurance premium – the fifth year;
- 0.4 of the minimum insurance premium – the sixth year;
- 0.3 of the minimum insurance premium – the seventh year;
- 0.2 of the minimum insurance premium – the eighth year;
- 0.1 of the minimum insurance premium – ninth and tenth years.

The procedure for providing this support is determined by the resolution of the Cabinet of Ministers of 22.05.2019, according to which this benefit came into force on 1.01.2020. But the conditions for providing such assistance are that the FG chairman must pay for himself and for each member of his FG (unless they are subject to insurance on other grounds). That is, the chairman can receive assistance in relation to himself personally, but in no way to pay SSC for FG members, because according to the law SSC must pay each FG member for himself personally. As we can see, it is impossible to fulfill this norm regarding the assistance of FG members. Government clarifications are required.

The norms of the Tax Code of Ukraine, which regulated the peculiarities of taxation of personal income tax on rental income (paragraph 170.1), sublease, are now supplemented by the concept of "emphyteusis". Therefore, starting from 15.08.18, payments under the emphyteusis agreement are taxed in the same way as rent. Prior to that date, there was uncertainty with emphyteusis: to apply the rules on rent or other income. Actually, emphyteusis is similar to rent. And such changes are quite logical[7].

Conclusions. 1. Thus, farms are undoubtedly an important component agriculture sphere economy of Ukraine. They ensure the efficient use of rural resources economy, as fully realized economic interest the producers themselves, who mostly and are the owners of resources, or on lease use some them.

2. Taxation small businesses in the agricultural sector requires legislative improvement and integration into EU legislation, taking into account the current economic realities of Ukraine.

3. It is necessary to transform the essence of simplified taxation system to reduce the tax burden simplify to accounting and reporting of taxpayers. The simplified system should be a transitional link to the introduction a common taxation system, even for small businesses, using effective methods of state support.

4. The Law of Ukraine “On Amendments to the Tax Code of Ukraine and Certain Laws of Ukraine on Stimulating Establishment and Activity Family Farms” № 2497-VIII of July 10, 2018 makes it possible to regulate activities of the natural persons who are entrepreneurs of agricultural products, and to provide local self-government communities with additional revenues through the use land plots located on their territories.

5. Due to changes in the Tax Code of Ukraine and some legislative acts, rural residents and family members (including heads of FGs) will be able to obtain status the sole proprietorship – a producer of agricultural products and pay a single tax and a single social contribution.

6. We believe that a dialogue should be established between state and the FG: state strategy development of the agricultural sector should be clear to producers and communicated through profile associations, industry organizations, the agricultural advisory system, while the problems farmers should be a priority for the state to address.

7. According to the current tax legislation, farms can work on the general system of taxation, as well as be a single tax payer of group 4. Paying a single tax is beneficial for farms because it replaces multiple taxes, reduces the tax burden and saves time on compiling and filing tax returns.

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