

JEL Classification: G21, G28

TAX DISTRIBUTION OF THE BANKING SECTOR AS AN INDICATOR OF THE EFFICIENCY OF ITS FUNCTIONING

BREZHNYEVA-YERMOLENKO Olha,*Ph. D. in Economics, Associate Professor,**Associate professor of the department of Finances and Accounting**Dniprovsky State Technical University, Kamyanske, Ukraine***KHALIAVKA Makar,***Master student**Dniprovsky State Technical University, Kamyanske, Ukraine*

Abstract. *Research of current changes in the tax legislation regarding the taxation of banking institutions was conducted in the article. Analysis of the current condition of development of the banking system by the main indicators influencing the formation of the tax burden of banking institutions was performed. Based on the relevant statistical data the tax burden from the tax on profit in the financial result of Ukrainian banks for the last years was determined. A role of tax management in the system of optimizing the tax burden of commercial banks in the framework of the current tax legislation was revealed.*

Keywords: *banks; taxation of the banking sector; tax burden; corporate profit tax; tax management*

The article is devoted to the study of current changes in tax legislation regarding the taxation of banking institutions and the assessment of the level of tax burden of the banking sector in conditions of increasing international capital mobility, macro-economic instability, significant budget deficits and aggravation of debt problems.

The development of the banking system in Ukraine takes place under such economic conditions as the dominance of state-owned banks in the banking sector with a capital share of over 50%. This situation poses a threat to the state's economy in the long-term and requires prediction of future changes in the external environment and adaptation to them for successful functioning. The main systemic risks that may affect the state of financial stability of the state should be the pressure on the state budget (high expenses from the state budget for the capitalization of banks), the conservation of existing inefficiencies in managing the costs of banks, and most essentially, the likelihood of financial and non-financial losses as a result of realization of tax activity of the bank.

The authors, based on the official data of the National Bank of Ukraine in recent years, evaluated the current state of the tax burden on the payment of corporate income tax by banking institutions. The statistics show that the profitability of commercial banks is low (almost half of the banks are working to minimize their profits), which is explained by

tax evasion, chronic bankruptcy of the banking system, and a rise in the level of distrust of banking institutions by the population. The loss in the banking market in 2016 amounted to about 160 billion UAH, which is an extremely high loss index. Under such conditions, when majority of domestic banks work at a loss (with the exception of 2012 and 2013), and the total value of the financial result of majority of commercial banks is negative, the calculation of objective indicators of the tax burden of the banking sector is impossible. This tendency suggests that the banking sector falls out of the number of productive taxpayers and does not fulfill expected fiscal load on account of their turnover.

According to the results of the study, the general conclusion was made that the goals and objectives of the bank's functioning and development as a whole are crucial for the purposes and objectives of tax management, and the latter should provide optimal conditions for the achievement of the first. Given the impact of taxation on the financial results of banking institutions, insufficient attention to the assessment of tax risks can lead to making of economically ineffective management decisions in the field of tax management in the banking sector. Therefore, the result of tax management as a process must be to ensure an optimal ratio of tax burden with the performance indicators of the bank and a controlled level of tax risks in accordance with the goals and objectives of the bank.

References

1. Yefymenko, T. I., Sokolovska, A. M. (2013). *Dynamika podatkovoho navantazhennia v Ukraini v konteksti realizatsii podatkovoi reform* [The dynamics of the tax burden in Ukraine in the context of implementation of tax reform]. Kyiv: DNU «Akad. finans. upr.» [in Ukrainian].
2. Podatkovi kodeks 2010 № 2755-VI [The Tax code 2010 № 2755-VI]. *zakon2.rada.gov.ua*. Retrieved from <http://zakon2.rada.gov.ua/laws/show/2755-17> [in Ukrainian].
3. *Pokaznyky bankivskoi systemy* [Indicators of the banking system]. Retrieved from https://bank.gov.ua/control/uk/publish/article?art_id=4661442&cat_id=34798593 [in Ukrainian].
4. Salo I. V., Diakonova I. I., Yevchenko N. H. *Opodatkuvannia bankiv* [Taxation of banks]. Sumy: «Universytetska knyga», 2010 [in Ukrainian].
5. Zakon pro vnesennia zmin do Podatkovoho kodeksu Ukrainy ta deiakykh zakonodavchykh aktiv Ukrainy shchodo podatkovoi reformy 2014 № 71-VIII [The Law on Amendments to the Tax Code of Ukraine and certain legislative acts of Ukraine concerning tax reform 2014 № 71-VIII]. *sfs.gov.ua*. Retrieved from <http://sfs.gov.ua/zakonodavstvo/podatkov-zakonodavstvo/zakoniukraini/63462.html> [in Ukrainian].
6. Proskura, K. P. (2015). Osoblyvosti opodatkuvannia bankiv'skykh ustanov u 2015 roci [Peculiarities of taxation of banks in 2015]. *Ekonomichnyi analiz – Economic analysis*, No 20, pp. 176–186 [in Ukrainian].
7. *Biudzhetni monitorynh: analiz vykonannia biudzhetu za 2009–2017 roky* [Budget monitoring: analysis of budget execution for 2009–2017 years]. Retrieved from <http://www.ibser.org.ua/publications/monitoringcategories/richnyy> [in Ukrainian].
8. Borynskykh, V. D., Kmit V. M. (2015) Osoblyvosti opodatkuvannia prybutku komertsiiynykh bankiv Ukrainy [Features of taxation of profit of commercial banks of Ukraine]. *Ekonomichnyi analiz – Economic analysis*, No 19, pp. 123–129 [in Ukrainian].
9. Tsymbaliuk, I. O, Vyshnevskaya, N. V. (2012) Podatkove navantazhennia, yak kryterii efektyvnosti vedennia podatkovoi polityky [Tax burden as a criterion for the effectiveness of tax policy]. *Ekonomichnyi visnyk universytetu naukovykh prats – Economic bulletin of the University: a collection of scientific works*. Pereiaslav-Khmelnytskyi: DVNZ «Pereiaslav-Khmelnytskyi derzhavnyi pedahohichnyi universytet imeni Hryhoriia Skovorody», No 19/1, pp. 183–187 [in Ukrainian].
10. Salo, I. V., Yevchenko N. H. (2009). *Podatkovi menedzhment u banku* [Tax management at the bank]. Sumy, DVNZ «UABS NBU». 187 p. [in Ukrainian].