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Модель оптимізації оподаткування сільськогосподарських кооперативів

Стаття присвячена теоретичному обґрунтуванню та практичній реалізації побудови моделі оптимізації оподаткування сільськогосподарських виробничих та обслуговуючих кооперативів в Україні. У роботі проаналізовано зарубіжний досвід оподаткування сільськогосподарських кооперативів. Виявлено, що сільськогосподарські кооперативи як суб'єкти господарювання, які мають на меті отримання соціального та економічного ефекту, потребують особливих підходів до оподаткування, через те що вони уразливіші суб'єкти господарювання у порівнянні з іншими, адже мають на меті, у першу чергу, задоволення потреб своїх членів, а вже потім отримання прибутків та досягнення конкурентних переваг на ринку. Визначені необхідні заходи оподаткування кооперативів при їх створенні, застосування спрощеної системи оподаткування, спеціального режиму оподаткування як виробника сільськогосподарської продукції, запровадження вільних економічних зон для кооперативів. Розкрито шляхи удосконалення механізмів оподаткування сільськогосподарських кооперативів, запропонована відповідна модель та визначено основні наслідки її впровадження.

Ключові слова: кооперація, сільськогосподарський кооператив, модель оподаткування, сільські території, вільні економічні зони.

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Модель оптимизации налогообложения сельскохозяйственных кооперативов

Статья посвящена теоретическому обоснованию и практической реализации построения модели оптимизации налогообложения сельскохозяйственных производственных и обслуживающих кооперативов в Украине. Проанализирован зарубежный опыт налогообложения сельскохозяйственных кооперативов. Выведено, что сельскохозяйственные кооперативы как субъекты хозяйствования, которые имеют целью получение социального и экономического эффекта, требуют особых подходов к налогообложению, так как они более уязвимы субъекты хозяйствования по сравнению с другими, ведь имеют целью, в первую очередь, удовлетворения потребностей своих членов, а уже потом получение прибыли и достижения конкурентных преимуществ на рынке. Определены необходимые меры налогообложения кооперативов при их создании, применение упрощенной системы налогообложения, специального режима налогообложения как производителя сельскохозяйственной продукции, внедрение свободных экономических зон для кооперативов. Предложены пути совершенствования механизмов налогообложения сельскохозяйственных кооперативов, предложенная соответствующая модель и определены основные последствия ее внедрения.

Ключевые слова: кооперація, сільськогосподарський кооператив, модель оподаткування, сільські території, вільні економічні зони.

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Tax Optimization Model for Agricultural Cooperatives

The article is devoted to theoretical grounding and practical implementation of tax optimization modeling for agricultural production and service cooperatives in Ukraine. It studies foreign experience of taxation of agricultural cooperatives. Agricultural cooperatives are determined to require special approaches to taxation, since they are the economic entities that aim for social and economic benefits. Cooperatives, especially those that offer services, are vulnerable economic entities compared to the other ones, for their aims are connected, first and foremost, with meeting the needs of their members, and only after that – with making a profit and achieving competitive advantages on the market. The study offers necessary tax measures to be applied while setting cooperatives up; the simplified system of taxation that is required; special tax regime for agricultural producers; introduction of free trade zones for the cooperatives. The article provides recommendations on the specific ways of improving taxation mechanisms for agricultural cooperatives, as well as it offers a correspondent model and determines the main impacts of its implication.

Keywords: cooperation, agricultural cooperative, model of taxation, rural areas, free economic zones.

Statement of the Problem. Ensuring harmonious development of the rural areas and supporting the rural population are among the strategic objectives of the economic policy of Ukraine.

An agricultural cooperative is one of the most efficient forms of rural development, which has been proven by the domestic and foreign experience.

According to the Concept of Rural Development № 995-p, from 23 September 2015, it is the insufficient role of cooperation economy in reforming of the agricultural sector that is considered to be the main cause of deterioration of the socio-economic and ecological conditions of the rural areas.

The subject of the research is the system of taxation for agricultural cooperatives and the peculiarities of its formation for its optimization.

The object of the research is the process of taxation and its optimal modeling.

The objectives of the study are to scientifically justify and to provide practical recommendations concerning optimal taxation model formation for agricultural cooperatives in order to ensure harmonious development of the rural areas.

The aim of the study is to improve the taxation system for agricultural cooperatives in order to optimize the tax burden upon them.

The hypothesis of the study is the statement that an agricultural cooperative as a specific type of business entities that is aimed at achieving, primarily, social, and only after that – an economic impact, requires special approaches to its taxation.

During the study, in order to achieve the goals mentioned above, general scientific and special methods, such as induction and deduction, analysis and synthesis, systemic, monographic, analogies, questionnaires, surveys, modeling were applied and used.

Analysis of the recent research and publications. The findings of studying the problems regarding taxation of agricultural cooperatives are reflected in the scientific works of A. Andriychuk, V. Horbonos, V. Honcharenko, V. Zinovchuk, R. Korinets, M. Malik, L. Moldovan, P. Sabluk, H. Cherevko. It should be mentioned that there is an obvious lack of scientific research on the issues of cooperatives' activities and the way they are taxed, on the one hand, and the urgency for practice – on the other one.

The main material. Cooperatives, especially those that offer services, are vulnerable economic entities compared to the other ones, for their aims are connected, first and foremost, with meeting the needs of their members, and only after that – with making a profit and achieving competitive advantages on the market. Nevertheless, directing their activities at improving the financial, social, cultural, and financial positions of farmers, cooperatives should act as the means of implementation of the constitutional human and civil rights of citizens, which requires a special concern from the state and the society in the form of various support for their activities, in particular. Cooperatives also require a special approach of the government that should get reflection in the creation of an appropriate system of measures to support the activities of such entities. Considering the governmental support for agricultural cooperatives, it should be emphasized that it is notable that the issue of creating and implementing an optimal model of taxation for agricultural cooperatives is the most problematic issue.

It should be also noted that there is the governmental support for cooperative organizations and their activities in the majority of the countries in the world (table 1).

The International Experience of Taxation of Cooperatives

Country	Peculiarities of taxation of cooperatives
The UK	There is a special fund for lending to production cooperatives. Financial assistance is available to employees to buy bankrupt unprofitable businesses and turn them into cooperatives. No tax benefits.
Denmark	Cooperative income tax rate is 14.3 %, whereas for businesses in other legal forms – 34 %.
Canada	Cooperatives may be registered as commercial or non-commercial, depending on their objectives. The latter are exempt from taxation. As a rule, agricultural cooperatives are registered as commercial, which makes it possible for them to pay dividends on share capital and patronage payments depending on the amount of participation of cooperative members in the activities of the cooperative. There is a tax incentive program designed for Quebec to increase investments by the cooperatives and cooperative federations. Under this program, the members of the cooperative are provided with tax relief for investment in preferred stock of their cooperatives.
Portugal	Cooperatives are exempt from tax on premises used for offices and for economic activity, from corporation tax, additional tax, tax on capital.
France	Handicraft, transport, marine and agricultural cooperatives are absolutely exempt from income taxes.
Greece	Cooperatives are taxed as commercial structures at a rate of 35 %, but they are given benefits when buying property and establishing enterprises. Any investments and membership fees to cooperatives are not subject to taxation.
Spain	A reduced rate of income tax – 26 % (for other corporations – 35 %) is applied; dividends are exempt from tax if their amount does not exceed 15 %. Service cooperatives are also exempt from the taxes on property and capital.
Italy	Cooperatives are exempt from corporation tax, company tax, tax on premises, capital tax. Members of cooperatives are exempt from income tax. If social costs account for more than 60 % of all the costs of the cooperative, it is exempt from paying income tax; 40-60 % - it is given a discount of 50 %; less than 40 % - income tax is paid in full.
Russia	Cooperatives are allowed to include their overheads; interests paid on borrowed funds involved; contributions to the Fund of Consumer Cooperation Development into the costs of production and sale of goods; sale of stakes of the authorized capital of organizations, shares in mutual funds of cooperatives and mutual investment funds, securities, etc. are not subject to the VAT.

Source: systematized by the authors.

Regarding a level of tax support for cooperative activities, the foreign taxation systems for cooperatives can be classified into three groups: the cooperatives that are treated as any other economic entity and are taxed on general terms belong to Group 1 (Ireland, Austria, Sweden and Finland – the countries where agriculture is not the leading sector of the economy); Group 2 includes the cooperatives that enjoy minor tax benefits: preferential taxation of income of the cooperative members, derived from dividends, and reduction of income tax rate of agricultural cooperative enterprises (Germany, Denmark, the Netherlands, the UK, Belgium – the countries in which agriculture accounts for a relatively small share of the GDP); Group 3 comprises the countries where agriculture serves belong to the strategic sector. Such countries apply special tax regimes

for cooperatives (Spain, Italy, Greece, Portugal, France, Poland, Canada).

In the European Union, cooperatives produce or process approximately 80-90 % of commodity milk. There are 3500 agricultural cooperatives specializing in processing and marketing of agricultural products in France, whereas 13300 French cooperatives specialize in sharing technology. In Canada, there are over 1300 agricultural service cooperatives. Therefore, one could argue that the practice of supporting agricultural cooperatives by giving tax benefits is a common practice throughout the world.

The Tax Code of Ukraine clearly affirmed agricultural service cooperatives in their status of non-profit organizations. The positive and negative aspects of this decision are reflected in Table 2.

Table 2

The Advantages and Disadvantages of Recognition of Service Cooperatives as Non-profit Organizations

Positive aspects	Negative aspects
Income tax cost-efficiency	Difficulties in cooperation with partners Restrictions on profit-making operations

Source: formulated by the authors.

The Law states that agricultural production, with which agricultural service cooperatives deal, is owned by farmers - members of cooperatives. Yet, the Canadian model which enables cooperative members to independently decide on the obtaining or rejection of a non-profit status, depending on the specific characteristics of their activities, is believed to be more acceptable.

Moreover, it has become crucial that revenues received by service cooperatives from selling agricultural outputs of its members are not subject to taxation.

Furthermore, the VAT problem has never been solved

so far. In accordance with the acting Law, the VAT for agricultural enterprises is transferred to special accounts from which money is, then, directed to purchasing machinery, equipment, etc., i.e. it is used to promote enterprise development. The experts in the agricultural sector support the view that this approach is effective. Hence, private farms, which produce and sells its products through official channels - agricultural service cooperatives, do not have such tax breaks. Moreover, agricultural service cooperatives are not allowed to register as the subjects of the VAT special

regime and to keep the amount of the VAT-liabilities in their own possession, to receive the VAT-subsidies as processing plants, etc. It is, therefore, advisable to provide and to give such rights by law.

An agricultural cooperative is an association of individuals who produce and sell agricultural products in order to meet their needs and to ensure their interests. Separately, each producer can get registered and be a single tax payer, but being united into a cooperative, they lose this possibility. The Tax Code stipulates that only individuals – entrepreneurs may be the single tax payers of Groups 1-3. Whereas agricultural cooperatives can get registered as Group 4 single tax payers, service ones are not allowed to be single tax payers at all. However, the introduction of the single tax is an effective mechanism for supporting small businesses, as it leads to reducing the tax burden and amounts of tax payments substantially. Consequently, it is reasonable to give a possibility of being the single tax payer to agricultural service cooperatives as associations of individuals by the Tax Code. It will become a significant mechanism of support for small agricultural cooperatives.

The central principle of the tax system of Ukraine determines equality of all taxpayers before the law. Yet, it should be taken into consideration that agricultural production is characterized by a long production cycle (in which the costs are incurred within an entire period, while revenues are obtained only at the end or after it is over) as its own peculiar feature. However, the tax system left this feature without consideration, so agricultural cooperatives have to bear the burden of taxes from the very beginning without having any economic benefits and

forecasting them in future. To solve this contradiction, it could be appropriate to introduce a preferential tax period for payment of tax liabilities to the budget (tax holidays) lasting for one year for newly established agricultural cooperatives. This measure will allow encouraging an increase in the number of agricultural cooperatives, supporting farmers and achieving the equality of taxpayers before the law.

It should be stressed that rural development is one of the urgent issues requiring special attention. Compared to the urban and suburban areas, the rural ones are far behind in their economic and social aspects. The international practice shows that one of the most effective mechanisms for the development of the depressed areas is the creation of free economic zones which enjoy reduced rates or simplified tax systems. It allows the region to raise significant investments and support its development. Nevertheless, along with that, these are, first of all, investors from other regions and private business owners who benefit from getting profits from introducing such zones. Cooperatives, as it has been mentioned above, are associations of residents of a particular territory and, thus, they seek to meet the needs of all its members. Therefore, there should be free economic zones on the depressed agricultural areas to facilitate the activities of residents of agricultural cooperatives of the regions. It will direct allocation of revenues to the development of a particular region and for the welfare of the residents of the defined territory.

To summarize our recommendations, the systematic model of taxation for agricultural cooperatives is offered (Fig. 1).

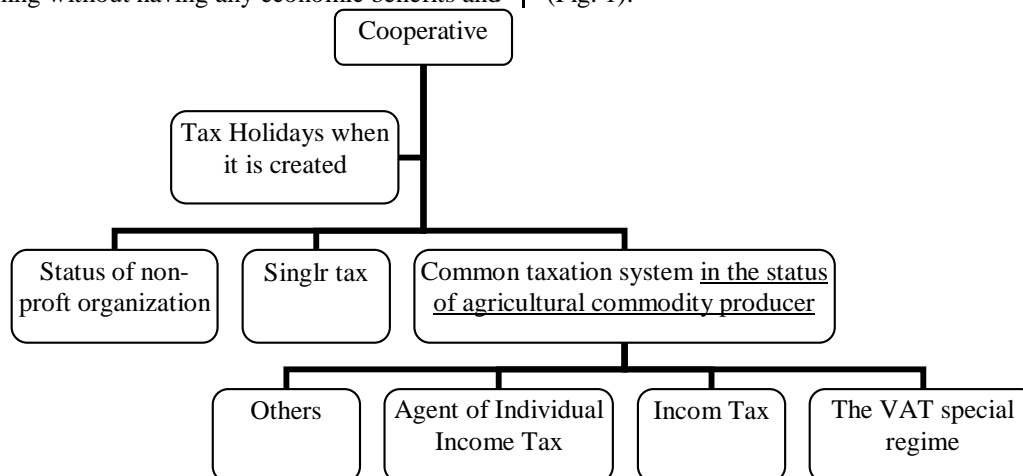


Fig. 1. The Optimal Taxation Model for Agricultural Cooperatives

Source: offered by the authors.

According to the model, new cooperatives receive tax breaks for establishing their activities. After the preferential tax period is over, cooperatives have to decide on the tax system they would like to work according to: small cooperatives that do not enter into economic agreements on their behalf providing information, legal and technical support to its members are advised to register and to obtain the status of non-profit organizations; agricultural cooperatives with small turnover of funds and the amount of profit should choose a simplified tax system; and large cooperatives should choose a common system of taxation with the ability to

use VAT special regime. On especially problematic and depressed rural areas, there should be free economic areas for the activity of agricultural cooperatives.

The tax support for agricultural cooperatives will contribute to their competitiveness, ensure harmonious development of rural areas and will solve the material and social problems of the rural population, in particular, in the depressed regions, as well as it will help the government streamline tax revenues and the costs of the targeted programs for rural development.

The effects, results and impacts of introducing of the formed model are systematized in Fig. 2.

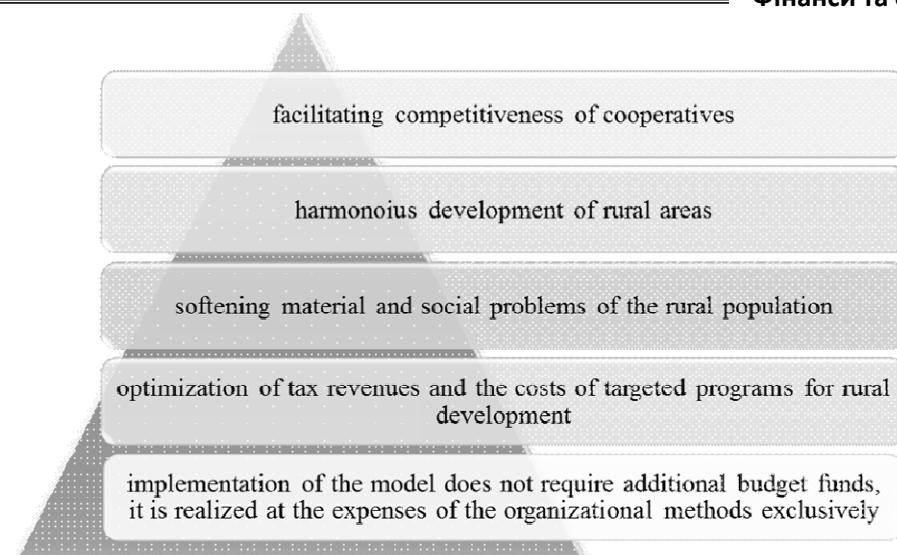


Fig. 2. The Impacts of Tax Optimization Models for Agricultural Cooperatives

Source: formulated by the authors.

Conclusions. The regulation of the development of agricultural cooperatives by modeling taxation is a quite effective mechanism of the governmental support, which is proven by the positive experience of the developed foreign countries. The scientific novelty of the research is to develop theoretical and methodological guidelines and practical recommendations to reduce the tax burden on cooperatives based on the Tax Optimization Models for Agricultural Cooperatives. The proposed model of taxation for agricultural cooperatives will allow the government to enhance stimulation of rural development, including depressed regions, at no additional cost, gaining a considerable social and economic impact.

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