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THE CURRENT STATE OF CUSTOMS-TARIFF REGULATION IN UKRAINE AND ITS ROLE IN STATE BUDGET INCOMES

Customs-tariff regulation is among the main tools for the state regulation of the foreign economic activity. Its application contributes to maintaining the international trading system stability and provides protection of the domestic economy. An effective and continuous operation of the customs-tariff regulation mechanism is an essential condition for the state customs policy implementation, as well as for strengthening the economic and financial security of Ukraine.

Customs regulation as activity is based on a wide range of legislative basis in this sphere including the Law of Ukraine “On Customs Tariff of Ukraine”, the Customs Code of Ukraine and some others. In the Law of Ukraine “On Foreign Economic Activity” customs regulation is defined as “regulation of questions related to determining duties and customs fees through mechanisms of customs control, organization of activity of customs control bodies of Ukraine” [3, p. 6]. Besides, the Law of Ukraine “On Foreign Economic Activity” mentions the following: “customs regulation of foreign economic activity shall be effected in compliance with this Law, laws of Ukraine on customs regulation, the Single customs tariff of Ukraine and treaties of Ukraine” [3, p. 12]. But national customs legislation requires changes under the influence of the European integration processes. That’s why during the recent years customs regulation basis is being actively transformed and brought in balance with the European legislation, international obligations and standards.

Ukraine trades with more than 180 countries of the world, and over the years of its independence has already concluded multinational trade agreements with more than 20 countries. Within the framework of active development of international trade relations, protection of state economic interests as well as of sensitive branches of economy and domestic producers is gaining more and more importance. Customs-tariff regulation as a part of state customs regulation can effectively cope with this task, customs duty is the most important tool in the sphere of customs-tariff regulation of international trade. Customs duty is understood as a tax levied by the customs authorities of a country on goods that cross the state border. This tax is used to raise the state revenue, and/or to protect domestic industries from more efficient or predatory competitors from abroad [2].

Nowadays customs payments play an important role in filling the State budget of Ukraine. And analysis of customs charges, levied in 2015-2017, confirms this fact. The charges we investigated are: an excise tax on excisable goods imported into the customs territory of Ukraine, a value added tax (VAT) on goods imported into the territory of Ukraine, import and export duties. These customs charges provided 38.04 %, 38.43 %

and 39.96 % of State budget incomes in 2015, 2016 and 2017 respectively [6]. The increase of this indicator was stimulated by the following five factors:

1. over these three years the volume of exports and imports have increased by 13.47 % and 32.23 % respectively;

2. the excise tax rates on petroleum products were raised and the excisable products list was expanded in 2015;

3. the rates for most groups of excisable goods were increased in 2016;

4. the excise tax on cigarettes and alcohol went up in 2017;

5. European integration processes and concluding of the Canada-Ukraine free trade agreement boosted the export volumes, while an export duty plan was over fulfilled in all of the three investigated years, especially in 2015, when the factual sum of levied export duty exceeded the planned one by 71.33 %.

This research has also revealed that during 2015-2017 the VAT on goods imported into the territory of Ukraine has had the most important role in the budget filling. On average, its share stood at 36.62 %. The excise tax on excisable goods imported into the customs territory of Ukraine was ranked second, except 2015, when the import duty exceeded it almost twice. One of the main reasons for such exception was introduction of additional import duty on 100 commodity groups in order to increase budget incomes by 17.6 billion UAH and thus stabilize the balance of payments [8]. The import and export duties took third and fourth places in the budget filling respectively.

According to the research of I. Novosad [5], the level of the customs load on the economy is also a useful indicator of fiscal efficiency of customs payments. This indicator is calculated through dividing customs payments, received by State budget of the country, by the GDP figure. The calculations show fluctuations of the customs load level closely to 10 %, which is relatively insignificant. The increase in the level of customs load evidences that the domestic market of Ukraine is being flooded with imported products mostly from Russian Federation, China, Germany, Poland, Belarus, USA, Switzerland, Italy, France, Turkey, and Hungary (Ukraine imported 63,10 % of goods from these countries in 2017 [7]). This indicator equaled to 7.5 % in 2007 [5]. So the level of customs load has increased by 3.15 % within 10 years. It testifies to fiscal efficiency of payments that are accumulated by the customs authorities.

Proper functioning of the customs system provides sustainable economic development of the state, influences the investment climate of the country and protects its customs interests. However, despite the governmental initiatives on reforming the customs sphere, there exist a number of problematic aspects which worsen the Ukrainian customs system's efficiency.

Modern Ukrainian customs regulation system lacks coordination in the regulatory legal framework, proper interaction between different bodies, an effective system to control the compliance with the requirements of the legislation of Ukraine. There are organizational and managerial problems and a lack of legal clarity regarding the central executive in the sphere of state tax and customs policy [10].

The prerogatives and reforms in the field of the state customs business improvement have mostly formal and declarative nature. Another not less important

problem is the fiscal role of customs duties, i.e. its main purpose is determined by the state's needs of cash, while in the developed countries the regulatory function of duty is a priority.

The prosperity of the contraband business is also a very severe issue: only illegal cigarettes trade results in up to 2.5 billion UAH of annual losses for the state budget of Ukraine [9]. The smuggling business connected with logs of wood, amber, smartphones, IT products, etc. is also developing in Ukraine, which poorly affects the image of Ukraine in the world. Besides that, the foreign economic activity commodity nomenclature is too branched, which gives the possibility of misuse when determining the product code.

A Ukrainian "single window" system, which is originally aimed to simplify the customs formalities, in fact increases the time for control passing. The requirement of physical representation of the paper documents' originals is also a source of problems. As a result, the subjects of foreign economic activity are not interested in the "single window" system because of extended product inspection [1]. The realization of the customs expertise in Ukraine is also problematic because sometimes it can be almost impossible to find the owners of inspected goods and bring them to responsibility.

In order to solve the outlined problems in the sphere of customs business of Ukraine the following measures should be of top priority:

- 1) harmonization of norms of Customs and Tax Codes of Ukraine and other regulatory legal acts in the customs regulation sphere;
- 2) enhancement of an action program to support domestic exporters;
- 3) better provision of customs with material and technical equipment and further digitalization of state regulation and administration of customs activities [10];
- 4) curtailment of smuggling business attractiveness through applying special codes on the packs of cigarettes and cigarette blocks, development and improvement of cynology service and other internationally recognized methods of drug detection, more thorough customs staff recruitment, etc.;
- 5) fulfillment of the terms of the EU-Ukraine Association Agreement clearly and on time [4];
- 6) curtailment of the foreign economic activity commodity nomenclature.

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