Larysa O. Zbarazska
PhD in Economics, the Institute of the Economy of Industry of the NAS of Ukraine.
Address: 03680, Ukraine, MSP, Kyiv, 2, Gelabov Str.
Tel.: 38 044 200 55 71. **E-mail:** zbarazskaya_larysa@ukr.net.
Directions of VAT rates harmonization to European ones: issues and challenges
Section: *Problems of development strategy and financial-economic regulation of industry*
Ekon. promisl. 2016, 75(3): 5-32
<https://doi.org/10.15407/econindustry2016.03.005>
Language: Ukrainian
Abstract: Value added tax has proved itself as quite simple and effective fiscal instrument, implementation of which simplifies trade relations between member countries of international associations and helps to decrease the scope of tax frauds in international trade. However, increasing of its efficiency demands the harmonization of the tax by Member States and countries willing to enter such unions. But this task is complicated due to the fact that VAT harmonization within EU is not finished yet. In the case of VAT it is necessary to clearly distinguish what tax rate should be harmonized: standard, reduced or directions of VAT harmonization can be pointed out by calculation of an effective rate. In addition, as long as for now there is significant difference between legislation and practice in the EU the harmonization of VAT towards EU needs clarification in terms of how this process will take place: according to the legislative norms or the Member States practice. Considering the above, European VAT legislation and practical implementation of this tax in the EU have been analysed in the paper. On this basis the recommendations and proposals for the harmonization of the standard, reduced, and effective VAT rates in Ukraine have been developed. Also by calculating of C - effectiveness coefficient and comparing results of the calculation with the European ones we have found that in Ukraine there are problems with tax compliance, VAT administration and the usage of the broad tax base, to which reduced VAT rates are applied. These problems are also in need of a solution that can be a perspective direction for further researches.
Keywords: VAT harmonization, standard rate, reduced rate, effective rate, Cefficiency.
Full text (PDF)
References
European Commission (2014). European Competitiveness Report 2014. Helping Firms Grow. Retrieved from http://ec.europa.eu/enterprise/policies/industrial-competitiveness/competitiveness-analysis/european-competitiveness-report/index_en.htm.
Eurostat (2016). Database - Eurostat. Retrieved from <http://ec.europa.eu/eurostat/data/database>.
European Commission (2012). Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions. A stronger European industry for growth and economic recovery. Brussels. Retrieved from <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2012:0582:FIN:EN:PDF>.

European Commission (2014). Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions. For a European Industrial Renaissance. Brussels. Retrieved from <http://www.mpo.cz/dokument147202.html>.
 UNIDO (2013, December). UNIDO. The Lima Declaration. The way to achieve an all-embracing and sustainable industrial development. V General Conference of UNIDO. Lima - Peru. Retrieved from http://www.unido.org/fileadmin/user_media_upgrade/Who_we_are/Structure/Polymaking_Organs/Lima_Declaration_RU_web.pdf.
 OECD (2013). Perspectives on Global Development 2013: Industrial Policies in a Changing World: Shifting up a Gear. Retrieved from <http://www.oecd.org/dev/pgd/COMPLETE-%20Pocket%20EditionPGD2013.pdf>.
 Rodrik, D. (2010). The Return of Industrial Policy. Project Syndicate. Retrieved from <https://www.project-syndicate.org/commentary/the-return-of-industrial-policy>.
 Weiss, J. (2015). Industrial policy in high-income economies. Geneva: International Centre for Trade and Sustainable Development (ICTSD) and World Economic Forum.
 Westk♦per, E. (2014). Towards the Re-Industrialization of Europe: A Concept for Manufacturing for 2030. Heidelberg, New York, Dordrecht, London: Springer.
 Heets, V. (2015). Barriers to the development of industry on an innovative basis and the possibilities of overcoming them. Ekonomika Ukrayiny, 1, 4-25 [in Russian].
 Kindzers'kyi, Yu. (2013). Industry of Ukraine: strategy and policy of structural and technological modernization. Kyiv: The NAS of Ukraine, Institute for economics and forecasting [in Ukrainian].
 Heyets', V., & Shynkaruk, L. (2011). Structural changes and economic development of Ukraine. Kyiv: The Institute of the Economy of Industry of the NAS of Ukraine [in Ukrainian].
 Amosha, A., Vyshnevskiyi, V., & Zbarazskaya, L. (2012). Non-industrialization and the new industrial policy of Ukraine. Econ. promisl., 1-2(57-58), 3-36 [in Russian].
 Vyshnevskiyi, V., Zbarazskaya, L., Amosha, A. (2013). Industrial policy and management of industrial development in the context of systemic imbalances. Donetsk: Institute of the Economy of Industry of the NAS of Ukraine [in Russian].
 Lyashenko, V., Alymov, O., & Amo♦sha, O. (2014). The first stage of modernization of the Ukrainian economy: experience and problems. Zaporizhzhya: Classical private university, Institute of the Economy of Industry of the NAS of Ukraine, [in Ukrainian].
 Zhalilo, Ya. (2012). Industrial policy as a factor in the post-crisis recovery of the Ukrainian economy: analytical report. Kyiv: National Institute for Strategic Studies [in Ukrainian].
 Zhalilo, Ya. (2014). Innovative development of industry as a component of the structural transformation of the Ukrainian economy: analytical report. Kyiv: National Institute for Strategic Studies [in Ukrainian].
 Analytical report on the Annual Address of the President of Ukraine to the Verkhovna Rada of Ukraine (2015). On the internal and external situation of Ukraine in 2015. Kyiv: National Institute for Strategic Studies [in Ukrainian].
 State Statistics Service of Ukraine (2015). Statistical information. Retrieved from <http://www.ukrstat.gov.ua/> [in Ukrainian].
 State Statistics Service of Ukraine (2015). The main socio-economic indicators of Ukraine's development in January-November 2015. Retrieved from http://www.ukrstat.gov.ua/operativ/operativ2015/so_ek_r_u/soekru_u/arh_soekru_15.htm [in Ukrainian].
 GII (2016). The Global Innovation Index 2016. Winning with Global Innovation. Retrieved from <https://www.globalinnovationindex.org/gii-2016-report>.
 GII (2015). The Global Innovation Index 2015. Effective Innovation Policies for Development. Retrieved from <https://www.globalinnovationindex.org/content/page/gii-full-report-2015/>.
 GII (2014). The Global Innovation Index 2014. The Human Factor in Innovation. Retrieved from <https://www.globalinnovationindex.org/userfiles/file/reportpdf/GII-2014-v5.pdf>.
 The World

Bank (2016). World Development Report 2016: Digital Dividends. Retrieved from <http://www.worldbank.org/en/news/video/2016/02/01/the-economics-of-the-internet>.
 The World Bank (2016). Digital Revolution Needs Offline Help to Realize Its Potential. Retrieved from <http://www.worldbank.org/en/news/feature/2016/01/13/digital-revolution-needs-offline-help-to-realize-its-potential>.
 European Parliamentary Research Service (2015). EU scientific cooperation with third countries. Retrieved from [http://www.europarl.europa.eu/RegData/etudes/BRIE/2015/564393/EPRS_BRI\(2015\)564393_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/BRIE/2015/564393/EPRS_BRI(2015)564393_EN.pdf) [accessed July 2016].
 Bernstein, J., & Mohnen, P. (1994). International R&D Spillovers Between US and Japanese R&D Intensive Sectors. NBER Working Paper Series. No. 4682. Cambridge, Massachusetts: NBER. Retrieved from <http://www.nber.org/papers/w4682>.
 Coe, D., & Helpman, E. (1993). International R&D Spillovers. NBER Working Paper Series. No. 4444. Retrieved from <http://www.nber.org/papers/w4444>.
 Guellec, D., & van Pottelsberghe de la Potterie, B. (2001). R&D and Productivity Growth: Panel Data Analysis of 16 OECD Countries. OECD Economic Studies. No 33(2001/II). Retrieved from <http://www.oecd.org/economy/growth/1958639.pdf>. DOI: http://dx.doi.org/10.1787/eco_studies-v2001-art12-en.
 Sakurai, N., Papaconstantinou, G., & Ioannidis, E. (1997). The Impact of R&D and Technology Diffusion on Productivity Growth: Evidence from 10 OECD Countries in the 1970's and 1980's. Economic Systems Research, 9(1), 81-109.
 Castellacci, F. (2008) Innovation and the Competitiveness of Industries: Comparing the Mainstream and the Evolutionary Approaches. Technological Forecasting & Social Change, 75(7), 984-1006. DOI: <http://dx.doi.org/10.1016/j.techfore.2007.09.002>.
 Chebanov, O. (2013). Assessment of sectoral costs for research and development. The Economic Herald of Donbass, 3(33), pp. 231-235 [in Ukrainian].
 Gunder, A. (2015). 2016 will be decisive for Ukraine. Analytycheskaya sluzhba novostey. Retrieved from <http://asn.in.ua/ru/news/interview/26497-andrej-gunder-2016-jj-stanet-reshajushhim-dlja-uk.html?print=y> [in Russian].
 Dreyper, P. (2013). A glance at the world through value chains. Ekonomicheskaya politika: ekspertnyy kanal. Retrieved from <http://ecpol.ru/index.php/2012-04-05-13-42-46/2012-04-05-13-43-05/484-vzglyad-na-mir-cherez-tsepochki-dobavlennoj-stoimosti> [in Russian].