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ГАРМОНІЗАЦІЯ УКРАЇНСЬКОГО ЗАКОНОДАВСТВА ПРО АКЦИЗНЕ ОПОДАТКУВАННЯ АЛКОГОЛЬНИХ НАПОЇВ З ПРАВОМ ЄВРОПЕЙСЬКОГО СОЮЗУ

Анотація. Акцизний податок є джерелом наповнення бюджету в Україні та інструментом державного регулювання виробництва і обігу підакцизних товарів. Однак, ухилення від сплати цього податку та зростання тіньового сектору економіки негативно впливають на всі сфери суспільного життя. Тому метою цієї публікації є визначення напрямів удосконалення правового регулювання акцизного оподаткування в Україні, виявлення проблемних аспектів, наслідків впливу збільшення розміру ставок акцизного податку на обсяги виробництва підакцизної алкогольної продукції, мінімізації сектору виробництва та реалізації підакцизних товарів, а також дослідження аналізу зарубіжного досвіду з цього питання. У статті на підставі системного аналізу з використанням діалектичного, порівняльно-правового, статистичного та інших методів аналізується стан правового регулювання акцизного оподаткування алкогольних напоїв та обговорюються підходи щодо удосконалення податкового законодавства в Україні. Зокрема, обґрунтовано необхідність приведення законодавчої бази у відповідність до європейських директив, спрощення податкових процедур для платників податку, встановлення економічно обґрунтованих податкових ставок, посилення контролю щодо обсягів виробництва та обігу підакцизної алкогольної продукції, попередження ухилення сплати податку, а також запровадження позитивного зарубіжного досвіду у цій сфері. Одним із пріоритетних напрямів гармонізації законодавства є застосування диференційованого підходу до оподаткування алкогольних напоїв залежно від їх міцності, а також інших якісних і кількісних характеристик; інвестування частини бюджетних надходжень від акцизного податку на алкогольні напої у програми, направлені на попередження та припинення алкоголізму; використання електронних систем контролю за рухом алкогольних напоїв від виробника до споживача

Ключові слова: акцизний податок, непрямі податки, податкова політика, Угода про асоціацію України з ЄС, Директива 92/83/ЄЕС, Директива 92/84/ЄЕС

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HARMONISATION OF UKRAINIAN LEGISLATION ON EXCISE TAXATION OF ALCOHOLIC BEVERAGES WITH THE LAW OF THE EUROPEAN UNION

Abstract. *Excise tax is a source of filling the budget in Ukraine and an instrument of state regulation of production and circulation of excisable goods. However, tax evasion and the growth of the shadow economy have a negative impact on all spheres of public life. Therefore, the purpose of this publication is to identify ways to improve the legal regulation of excise taxation in Ukraine, identify problematic aspects, the impact of increasing excise tax rates on the production of excisable alcohol, shadowing of the sector of production and sale of excisable goods, and analysis of foreign experience. The article based on systematic analysis using dialectical, comparative law, statistical and other methods analyzes the state of legal regulation of excise taxation of alcoholic beverages and are discussed approaches to improving tax legislation in Ukraine. In particular, the need to bring the legal framework in line with European directives, simplify tax procedures for taxpayers, establish economically justified tax rates, strengthen control over the production and circulation of excisable alcohol, prevent tax evasion, and introduce positive foreign experience in this sphere. One of the priority areas of harmonisation of legislation is the application of a differentiated approach to the taxation of alcoholic beverages depending on their strength, and other qualitative and quantitative characteristics; investing part of the budget revenues from the excise tax on alcoholic beverages in programmes aimed at preventing and stopping alcoholism; use of electronic control systems for the movement of alcoholic beverages from producer to consumer*

Keywords: *excise tax, indirect taxes, tax policy, Association Agreement between Ukraine and the EU, Directive 92/83/EEC, Directive 92/84/EEC*

INTRODUCTION

Harmonisation of Ukrainian legislation with the law of the European Union (hereinafter – the EU) and its adaptation to the key requirements of building a common European legal space covers various areas of legal regulation. The study of the experience of EU countries in the field of excise taxation acquires not only theoretical but also purely practical significance. The signed Association Agreement between Ukraine, on the one hand, and the European Union and its Member States, on the other hand (hereinafter referred to as the Association Agreement [1]) contributes to Ukraine's rapprochement with the European political, economic and legal space and provides for harmonization legislation of Ukraine with EU law. Under the Agreement, the Parties undertook to apply the principles of good governance in the field of taxation, aimed at establishing fiscal neutrality, simplifying trade conditions for external and internal agents and creating conditions for the effective functioning of the EU internal market. That is why the issue of national implementation in Ukraine of directives in the field of indirect taxation in general and excise taxation in particular is of particular importance.

The Constitution of Ukraine [2] defines the obligation of everyone to pay taxes and fees in the manner and amounts prescribed by law. Taxes are the basis of welfare of the state and society, the main source of filling the revenue side of the budget, a tool for regulating socio-economic processes in society, a tool for influencing the economic activities of enterprises and organisations. In addition, tax regulation is an integral part of state regulation of public relations as an important tool for influencing the development of civil society by the state through streamlining the tax system, the establishment and administration of taxes and fees.

We share the opinion of L. Sidelnikova that “only by comparing the interests of man and the state at the level of society can we realize the benefits of taxation, which will be obtained in the form of public goods. That is, society is an entity that reconciles the interests of taxpayers and the state, expressing benefits for each of them” [3, p. 587-588]. The use of excise tax allows having a targeted impact on the level of consumption of goods harmful to human health, and stimulating the production of quality goods of the excise group. After all, the place and role of excise in society is manifested in the fact that the excise tax, as a mandatory payment, is used to finance public goods and services, and is an effective means of financial policy to influence the allocation of resources, redistribution of wealth, public choice in democratic society.

Today, the issue of excise tax reform is one of the most relevant in the formation of the general system of taxation of our state. Excise tax has always been and remains an important source of filling the budget in Ukraine and is an important lever of state regulation of production and circulation of excisable goods. Moreover, according to the State Treasury Service of Ukraine [4] in recent years, we can observe a gradual increase in revenues from excise tax to the budget by payers of this tax (Fig. 1).

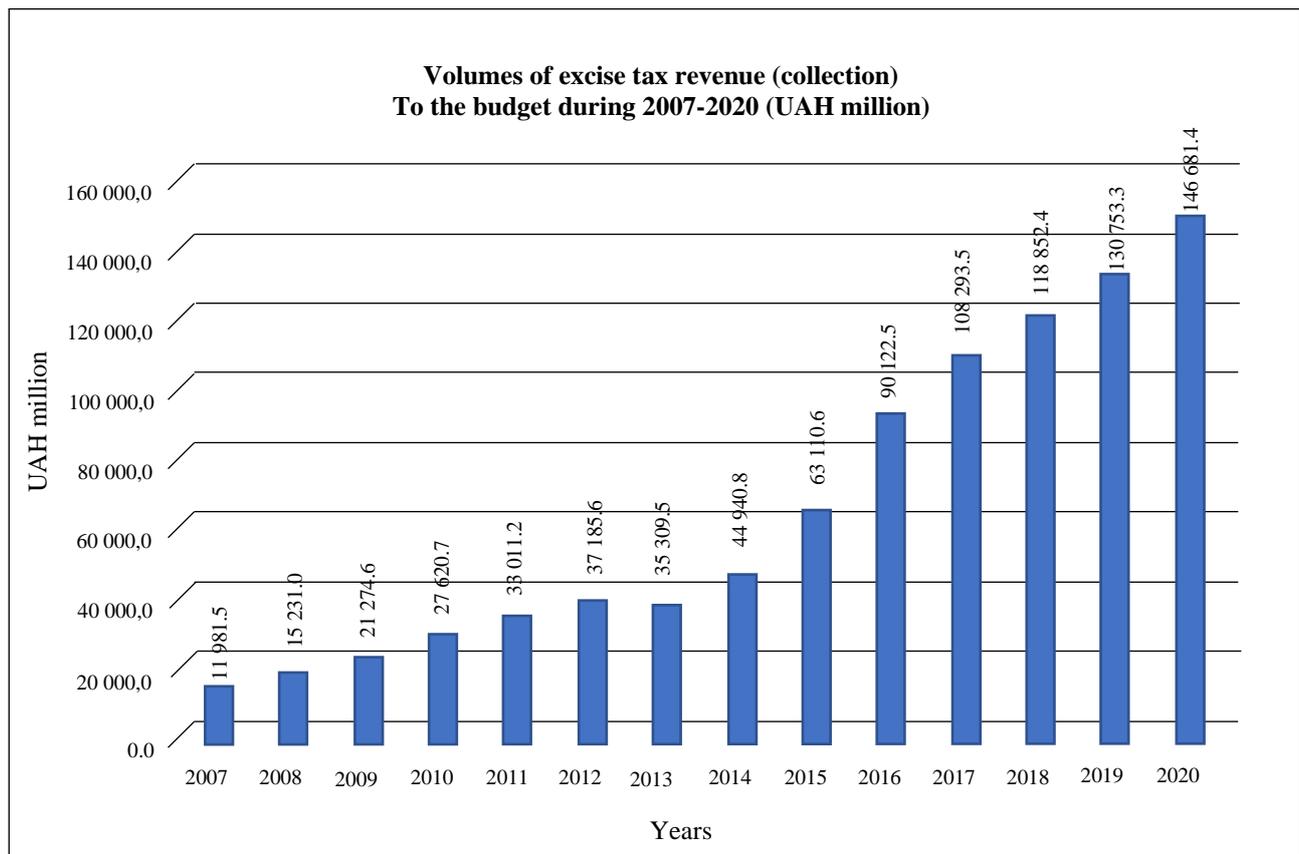


Figure 1. Volumes of excise tax revenues to the budget during 2007-2020

Source: [4]

Particular attention needs to be paid to the study of computational features excise tax on alcoholic beverages, problematic aspects of legal regulation of relations in the field of administration and ways to solve them, taking into account foreign experience. We share the opinion of Ukrainian scientists that “... the system of excise taxation of world countries is formed in balance with the interests of producers and consumers, the public need to support industries and regions, employment, social priorities such as public health and the need to limit harmful foods and beverages, etc. According to the analysis of various approaches that exist in world practice, there is no consensus in the world on the defining direction of the implementation of excise policy, which would fully consider the balance of fiscal interests and social regulation. Each country establishes such a balance in its own way, based on the realities of the time, the influence of political currents, the transformation of public consciousness and values. At the same time, the general approaches used by the EU countries, which our state is also preparing to join, can be taken as a basis for the development of excise policy in Ukraine” [5, p. 218].

By implementing tax policy measures, the level of production and consumption of excisable goods is influenced, the structure of excise tax revenues is optimised, other socio-economic effects are achieved (reduction of consumption of goods harmful to human health, stimulation of production of better goods,

etc.) [6, p. 234-235]. We share the opinion of Ukrainian scientists that “in conditions of economic instability, economic reform and adaptation of tax legislation to EU norms in Ukraine there is a decrease in fiscal efficiency of excise tax and increase the level of illegal (shadow) production and sale of excisable groups of goods. Such phenomena are caused, first of all, by the factor of imperfection of the current tax legislation on taxation, regulation and sale of groups of excisable goods” [7, p. 10].

The purpose of this study is to determine on the basis of a comparative analysis of the EU Council Directives on excise taxation, and international treaties of Ukraine, areas of improvement of legal regulation of excise taxation of alcoholic beverages in Ukraine, identify major problems of excise taxation. excisable alcohol products, shadowing of the sector of production and sale of excisable goods, including research of foreign experience on this issue.

1. LITERATURE REVIEW

The issue of implementation of international legal norms in Ukrainian legislation, in particular EU norms, is being studied by such Ukrainian scholars as M. Buromensky on the relationship between international and national law [8], B. Denisov and A. Melnyk studies the interaction of international law with the domestic law of Ukraine [9], V. Mytsyk, K. Smirnova, E. Streltsov analyses the current problems of unification of international law and its impact on national law [10]. Some aspects of excise tax administration are studied in the works of Ukrainian scientists, namely: V. Korotun, S. Brekhov, N. Novitskaya focused on the mechanism of excise tax administration, control over the production and circulation of excisable goods in Ukraine [6], I. Liutyi, A. Dryga, M. Petrenko formulated the main directions of improving the taxation system through excise duty [5], O. Bondarenko and V. Chizhenko studied the fiscal efficiency of the excise tax as a component of the optimisation of the indirect taxation system [7], N.I. Atamanchuk, N.S. Khatniuk, H. Boreyko, Yu. Bakay analysed the features of excise tax on fuel in Ukraine [11], I. Khlebnikova studied the impact of a specific excise tax on the parameters of the development of markets for alcoholic beverages and tobacco products in Ukraine [12] and others.

Numerous studies have been devoted to foreign scholars administration of excise tax on alcoholic beverages, namely: L. Wilson, R. Pryce, C. Angus, R. Hiscock, A. Brennan, D. Gillespie on the impact of alcohol tax on retail prices [13], A.M. Solov'ev analyses the level of excise rates on alcoholic beverages, estimates revenues from the collection of excise duties on alcoholic beverages and their share in budget revenues and GDP of European countries [14]; A. Ngo, X. Wang, S. Slater, J. Chriqui, F. Chaloupka, Y. Lin, L. Smith, Q. Li, C. Shang presents a thorough overview of excise taxes on alcohol as a percentage of retail prices for alcohol in 26 OECD countries [15]; A. Ardalan, S. Kessing studies the impact of excise duty rates on the price of beer in EU member states [16]; T. Bieber examines the provisions of Directive 2020/1151 on excise duty on beer [17]; C. Shang, A. Ngo, F. Chaloupka determine the extent to which alcohol prices increase with increasing taxes and the effectiveness of tax policies in reducing consumption in OECD countries [18]; K. Anderson analyses alcohol tax rates and the types of tax instruments used in different countries [19]; J. Nelson, J.R. Moran estimates the impact of excise tax rates on the price of alcohol [20]; E. Kolářová, D. Homola, V. Kolářová, E. Kramná focuses on the consumption of alcohol and cigarettes in the Czech Republic and its impact on the income of the Czech Republic [21]; U. Bergman, N. Hansen is studying the change in excise duties on the price of alcoholic and non-alcoholic beverages in Denmark [22] and others.

Without diminishing the importance of scientific work of scientists, it should be noted that some issues of excise taxation of alcoholic beverages remain insufficiently studied, which necessitates deepening and expanding research in the context of tax reform and harmonization with EU standards. In particular, it is necessary to analyse the international legal obligations undertaken by Ukraine in accordance with the Association Agreement, including the compliance of Ukrainian legislation with the provisions of EU directives on excise taxation. The issue of preventing the shadowing of the production sector and the sale of excisable goods in the context of reforming tax and customs legislation needs to be studied more thoroughly. According to Ukrainian scientists, “the problem of the current system of excise taxation is a significant shadowing of the sector of production and sale of excisable goods” [7, p. 14]. That is why in the current conditions of tax legislation reform, harmonisation of excise tax with EU legislation, this tax requires further research and finding new ways to improve its administration.

2. MATERIALS AND METHODS

The research used a set of general and special methods of scientific knowledge, namely: dialectical, comparative law, statistical and graphical representation of results. The dialectical method, based on the principles of unity of systems in the study of their individual interdependent components, was used in the analysis of elements in the holistic structure of the mechanism of legal regulation of relations in the field of excise taxation of alcoholic beverages. The comparative legal method was used to review the current legislation of Ukraine, including tax legislation of foreign countries, EU Council directives in the field of taxation. This allowed outlining the common and distinctive features of excise tax administration and to suggest some positive European experience in Ukraine. The application of the statistical method allowed to identify the dynamics of growth of revenues from excise tax to the budget, determine the role of this tax in the development of the revenue side of our budget, analyse the dynamics of reduction of ethyl alcohol and alcoholic beverages during 2013-2020.

The article is based on the provisions of international treaties of Ukraine, EU legislation, Ukrainian legislation, laws and bylaws of Ukraine aimed at regulating relations in the field of legal regulation of indirect taxation, as well as relevant legislation of foreign countries, namely: Constitution of Ukraine [2]; Association Agreement between Ukraine, of the one part, and the European Union, the European Atomic Energy Community and their Member States, of the other part [1]; Tax Code of Ukraine [23]; Budget Code of Ukraine [24]; Council Directive “On the Harmonization of the Structures of Excise Duties on Alcohol and Alcoholic Beverages” No. 92/83/EEC of 10/19/1992 [25] and the Council Directive “On the Approximation of Excise Duties on Alcohol and Alcoholic Beverages” No. 92/84 /EEC of October 19, 1992 [26] and others. It should be noted that the tax legislation of Ukraine is focused on the application of international law. Article 3 of the Tax Code of Ukraine includes in the tax legislation “current and international agreements, the binding nature of which has been approved by the Verkhovna Rada of Ukraine”, the same agreements are referred to in paragraph 3 of Art. 13 and Article 19¹.1.32 of the Code. But in paragraph 5 of Art. 13, and in Art. 14.1.53, 14.1.154, 14.1.158 The Tax Code requires the application of all “current international treaties of Ukraine”, all this allows to involve a wide range of international legal acts for the development of tax legislation [27, p. 337-358].

The authors study the practice of applying tax legislation by the State Tax Service of Ukraine, use reference books, statistical materials on the administration of excise tax in Ukraine, indicators of the alcohol industry and the industry of alcoholic beverages. In preparing the study, scientific and educational literature on financial law, economic theory, and branch of legal sciences was used. The main stages of the study of the peculiarities of the legal regulation of excise taxation of alcoholic beverages were: 1) putting forward a scientific hypothesis about the role and place of excise duty in society, as well as excise taxation of alcoholic beverages in the general taxation system; 2) testing the hypothesis for which: 2.1) statistical analysis of excise tax revenues to the state budget of Ukraine during 2007-2020, the dynamics of production of ethyl alcohol during 2013-2020 and alcoholic beverages during 2013-2020, the ratio of the production of ethyl alcohol and spirits during 2014-2020 and the volume of the retail market for alcoholic beverages during 2017-2019; 2.2) analysis of the impact of increasing excise tax rates on the price of alcoholic beverages and the tendency to reduce the production of ethyl alcohol and, as a consequence, the growth of “shadowing” of the market for the production of these products; 2.3) clarification of the regulatory and social potential of the excise tax, which is carried out through the influence of the state on the volume of production of excisable goods and the volume and direction of their consumption by the population; 2.4) research of scientific positions of Ukrainian and foreign scientists on the administration of excise tax on alcoholic beverages, legal issues and ways to solve them; 2.5) legal analysis of the provisions of EU Council directives on excise duties on alcoholic beverages; 2.7) synthesis of the obtained scientific results; 2.8) formation of own scientific position; 2.9) giving arguments in support of it; 2.10) final formulation of conclusions and proposals in terms of further research on the topic of “excise taxation of alcoholic beverages”.

3. RESULTS AND DISCUSSION

In Ukraine, the procedure for calculating and paying excise tax is regulated by the Tax Code of Ukraine (hereinafter – the Tax Code of Ukraine). In accordance with paragraph 9.1 of Art. 9 of the Civil Code of Ukraine [23] excise tax belongs to national taxes and is defined as an indirect tax on the consumption of certain types of goods (products), defined as excisable, included in the price of such goods (products). Article 215 of the Civil Code of Ukraine clearly defines the list of excisable goods. And one of these goods is ethyl alcohol and other alcoholic distillates, alcoholic beverages, beer (except kvass “live fermentation”). Peculiarities of calculating the excise tax on alcoholic beverages are determined by Article 225 of the Criminal Code of Ukraine. We share the opinion of M. Jarosz [28, p. 8] that today in Ukraine the excise tax is undergoing another

stage of reform at much lower tax rates than in the EU, the presence of problems in the administration on the way to the European system of indirect taxation.

It should be noted that most of the recently developed proposals in the field of excise tax reform in Ukraine are justified by the need to implement the provisions of the economic part of the Association Agreement between Ukraine and the EU. And one of the directions is to increase the size of excise tax rates. Thus, in Ukraine, the constant increase in the rate of excise tax on vodka and alcoholic beverages amounted to almost 300% for the period from 2011 to 2017, namely: from 01/01/2011 to 03/31/2012 – 42.12 UAH per 1 liter 100 % alcohol; from 04/01/2012 to 03/31/2013 – UAH 45.87 per 1 liter of 100% alcohol; from 04/01/2013 to 02/28/2014 – UAH 49.49 per 1 liter of 100% alcohol; from 03/01/2014 to 06/30/2014 – UAH 56.42 per 1 liter of 100% alcohol; from 07/01/2014 to 02/29/2016 – UAH 70.53 per 1 liter of 100% alcohol; from 03/01/2016 to 02/28/2017 – UAH 105.80 per 1 liter of 100% alcohol; from 03/01/2017 – UAH 126.96 per 1 liter of 100% alcohol. At the same time, if from 2011 to 2014 the increase in excise tax rates was gradual and insignificant (from UAH 20.00 to UAH 32.00 per 1 liter of 100% alcohol, or 60%), then for the period from January 2014 to January 2017 year rates increased from 32.00 UAH to 105, 80 UAH per 1 liter of 100% alcohol, or more than three times [29].

However, excessive growth of tax rates remains one of the main factors in the shadowing of the alcoholic beverages market and, as a consequence, the lack of tax revenues to the budget. We share the opinion of scientists that for any tax there is a limit on the rate above which taxpayers will try to avoid paying taxes. This dependence is traditionally illustrated by the Laffer curve, first discovered and described by the American economist Arthur Betz Laffer. The Laffer curve is a curve that shows the relationship between tax rates and tax revenues. Its main idea is that when the tax rate increases from 0 to 100%, tax revenues will first increase to a certain maximum level, and then begin to decline (to 0). The reason is that high rates restrain business activity and thus reduce the tax base. A. Laffer proved that “not always raising the tax rate leads to an increase in tax revenues of the state” [30, p. 400-401].

It is worth noting that for most countries, excise tax rates are the main tool for regulating the level of alcohol consumption. However, each type of alcohol has its own specifics of production and sale, which requires a special approach to regulation and control by the state. According to K. Anderson, “the wide distribution of rates and differences in tax instruments between countries and products demonstrates the different benefits of health and welfare lobbyists and industry groups in influencing government decision-making.” Foreign scholars also note that “the only significant increase in the excise tax rate may help in the field of prevention, but it would not benefit the Czech treasury, as the impact of higher tax rates on state revenues will be eliminated by falling consumption” [21]. The percentage of excise duties on average alcohol prices ranged from 5% in Luxembourg to 59% in Iceland for beer and from 0% in France to 26% in Iceland for wine. Excise taxes were 5% of reduced prices for alcoholic beverages in the Czech Republic to 41% in Sweden for cognac, 19% in the US to 67% in Sweden for gin, 13% in the US and 63% in Australia for Scotch whiskey for six years and for 6% in Iceland to 76% in Sweden for Kuntro liqueur [15].

The establishment of differentiated rates of specific excise duty on certain types of alcoholic beverages is precisely the tool of tax regulation, the use of which allows to influence the formation of a socially acceptable structure of their production and consumption. The result of this approach is to curb the production of certain types of alcoholic beverages and stimulate the production of others. A typical example of the latter is the establishment of a zero rate for natural grape wines, differentiation of rates depending on the strength of beer [6, p. 242]. After all, the system of excise taxation in the world's leading countries is formed based on the need to balance the interests of producers and consumers, the public need to support industries and regions, employment, and other priorities of socio-economic policy. Issues of public health, public order, the need to limit the social consequences of alcohol abuse are also taken into account [6, p. 88].

In the context of the above, we note that the excise tax on alcoholic beverages in Ukraine, in terms of harmonisation of its legislation with EU law, requires in-depth research, generalisation of legal issues and borrowing positive foreign experience in solving them. Because, the excise tax is characterised by significant regulatory and social potential, which is carried out through the influence of the state on the volume of production of excisable goods and the volume and direction of their consumption by the population. Carrying out the analysis indicators of the alcohol industry, it can be noted that during 2016-2020 there is a steady trend to reduce the production of ethyl alcohol (Fig. 2).

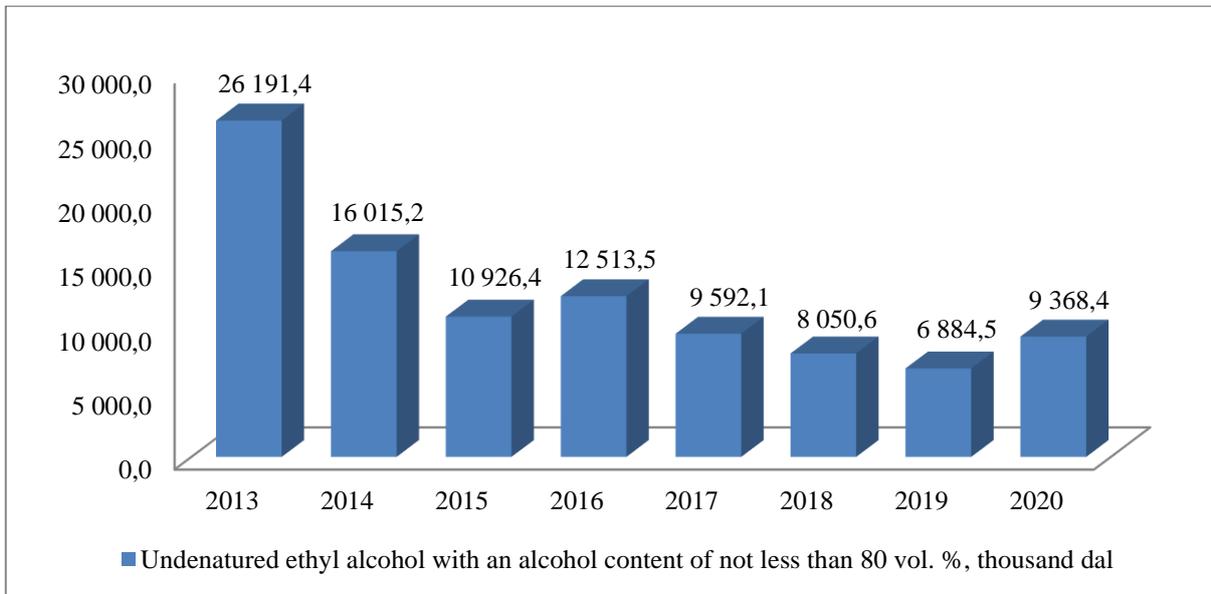


Figure 2. Volumes of production of ethyl alcohol during 2013-2020

Source: [31]

In addition, the tendency to reduce production is also observed in the production of alcoholic beverages (Fig. 3).

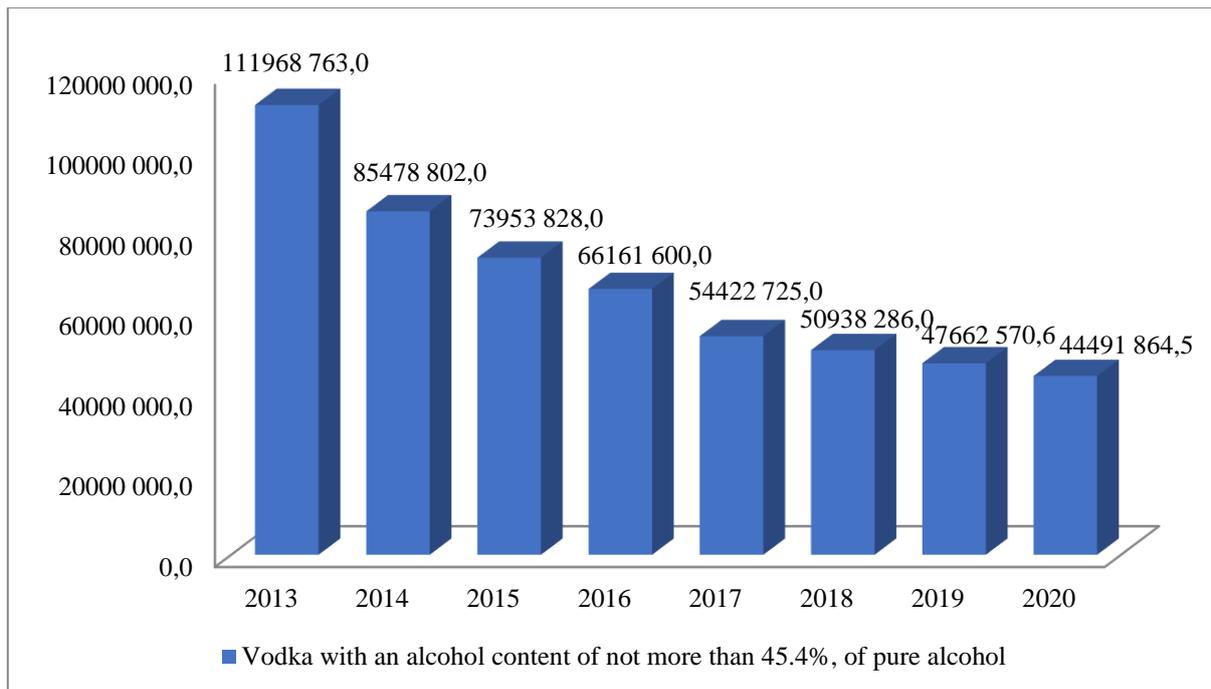


Figure 3. Volumes of production of alcoholic beverages during 2013-2020

Source: [31]

Thus, according to the State Statistics Service of Ukraine [31], the volume of alcohol production in 2020 compared to 2013 decreased by 3 times, and the volume of alcoholic beverage production in 2020 compared to 2013 decreased by 2,5 times (Fig. 4).

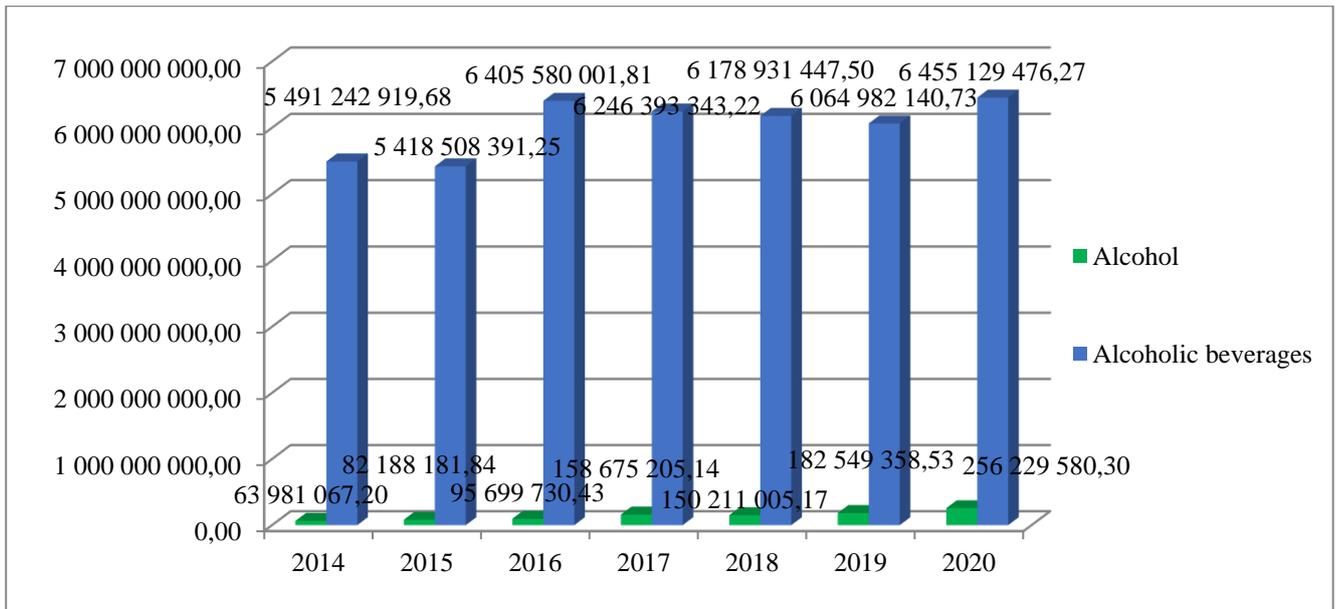


Figure 4. The ratio of ethyl alcohol production and spirits during 2014-2020

Source: [31]

At the same time, the analysis of statistical data of the State Statistics Service of Ukraine [31] shows a steady increase in the retail market for alcohol during 2017-2019 (Table 1).

Table 1. Volumes of the retail market for the sale of alcoholic beverages during 2017-2019

Product name	2017	2018	2019
Alcohol	37 849,0	47 127,9	53 483,7
Vodka and alcoholic beverages, UAH million	12 182,5	14 698,1	15 616,9

Analysis of statistical data [31] suggests that the reduction in production of spirits by 2.5 times in the period 2013-2020 and, at the same time, the growth of retail sales of these products indicates a steady upward trend in the volume of “shadowing” of vodka production market. As a result, raising the excise tax rate on alcohol and alcoholic beverages has led to negative consequences, namely the demotivation of producers and the strengthening of competitive positions of the “shadow” sector, increasing consumption of illegal alcohol.

As rightly noted by T. Chizhova that “today the shadow economy is an urgent problem for the whole world and for Ukraine. It remains one of the most significant threats to the economic security of the state, exacerbating the socio-economic crisis in Ukraine and negatively affecting its international image.” [32, p. 94]. Really, the growth of the shadow sector of the economy can negatively affect all spheres of public life, including the development of civil society in our country. At the same time, citizens and associations of citizens, drawing the attention of society and government agencies to dangerous phenomena and processes in the field of taxation, protect their rights to realise personal economic interests by means provided by applicable law.

The regulatory impact of the excise tax on the development of society may be due to the impact on the volume of production and consumption of excisable goods, the impact on the structure and efficiency of production, improving the quality of manufactured products, improving consumer goods and so on. Undoubtedly, the excise tax, as an indirect tax, is a very important fiscal instrument of the state. For example, according to the official data of the State Treasury Service of Ukraine in 2016, the Consolidated Budget of Ukraine received UAH 346.2 billion from indirect taxes, in 2017 – UAH 447 billion, in 2018 – UAH 520.7 billion, in 2019 – UAH 539.9 billion. At the same time, the total amount of tax revenues to the Consolidated Budget of Ukraine in 2019 amounted to UAH 1,070.3 billion. Analysis of the structure of revenues of the State Budget of Ukraine for 2019 also confirms that more than 50.4% of its revenues are indirect taxes [4].

Analysis of the dynamics of excise tax revenues by 2007-2019 shows an annual increase in its volume to the budget. Thus, in 2007 budget revenues amounted to UAH 11,981.46 million, in 2008 – UAH 15,230.96 million, in 2009 – UAH 21,274.55 million, in 2010 – UAH 27,620.70 million, in 2011 – UAH 33,011.18 million, in 2012 – UAH 37,185.64 million, in 2013 – UAH 35,309.49 million, in 2014 – UAH 44,940.84 million, 2015 – UAH 63,110.60 million, in 2016 – UAH 90,122.48 million, in 2017 – UAH 108,293.46 million, in 2018 – UAH 118,852.42 million and in 2019 – UAH 130,753.28 million [4]. It is

worth noting that in accordance with Art. 9 of the Civil Code of Ukraine [23] excise tax refers to national taxes, the proceeds of which fill the state budget. At the same time, Art. 64 of the Budget Code of Ukraine [24] stipulates that revenues from excise tax on the sale of excisable goods by retailers are revenues of the general fund of budgets of rural, urban, urban communities. The tax rate for beer, alcoholic beverages, tobacco products, tobacco and industrial tobacco substitutes sold by retailers of excisable goods is 5 percent (paragraph 215.3.10 of Article 215 of the Civil Code of Ukraine [23]). At the same time, the excise tax on the retail sale of alcoholic beverages can quickly fill the revenue side of local budgets and, as a result, meet the needs of communities, promote the development of civil society institutions at the local level.

However, the rapid increase in excise tax rates while taking measures to limit the consumption of these products leads to a reduction in the tax base by reducing the consumption of legal products and, consequently, worsening the administration of excise tax to the budget. Therefore, the prevention of illicit trafficking in excisable goods, timely detection of such facts by regulatory authorities, will increase tax revenues to local budgets and ensure a competitive environment of the alcohol market, improve the administration of excise tax on retail sales of alcoholic beverages in Ukraine. According to I. Khlebnikova [12, p. 830], “to consider the excise tax on alcohol and tobacco products only as one of the priority sources of budget replenishment is unacceptable. Moreover, excise taxation of these types of goods as a method of state regulation is aimed at solving problems related to alcohol and tobacco consumption, is actively used and widely studied in developed countries. We share the opinion of this scientist that the excise policy in the field of taxation of alcoholic beverages should be implemented in combination with state, regional and local measures in the field of public health, in particular, in reducing alcohol abuse and alcoholism prevention [12, p. 834].

The strategy of improving tax policy itself should be aimed at optimizing tax relations in society, ensuring sustainable innovative economic growth and, on this basis, maximising the social welfare of citizens. The implementation of such a strategy in the context of current trends in social development is possible only if the combined efforts of a democratic state and civil society. The statements of scientists that “the harmonisation of the tax interests of the state and the interests of citizens-taxpayers depends on how the state performs not only the fiscal function, but also the social one, are quite correct. An important role in this process in most developed democracies of the world is played by civil society, which seeks to actively interact with the state in addressing issues of public importance [33, p. 63]. In addition, as noted, today, one of the problems of the tax system is the development of important areas of harmonization of national legislation with EU norms. Ukraine, as a state that has concluded an Association Agreement with the EU, faces the task of implementing and harmonizing national legislation with EU norms. Of particular importance in this context are the rules on excise duties on alcoholic beverages and bringing them into line with Council Directive 92/83/EEC of 19 October 1992 on the harmonization of the structures of excise duties on alcohol and alcoholic beverages (hereinafter Council Directive 92/83). [25] and Council Directive 92/84/EEC of 19 October 1992 on the approximation of excise duties on alcohol and alcoholic beverages (hereinafter referred to as Council Directive 92/84/EEC) [26], with a view to establishing a common approach to determine the base of excise taxation, the application of uniform tax terms and simplification of foreign economic activity. It should be noted here that the reference in the Association Agreement to acts of EU legislation is sufficient for such acts to become legally binding on Ukraine to the extent that they are binding on the EU. According to D. Buromensky, in some cases an international treaty of Ukraine authorises the use of other international acts, “in which case the treaty norm authorizes the use of such international documents in the domestic law of Ukraine, and the legal force of their rules will be equal to the rules of the treaty” [34, p. 73].

It should be noted that Council Directive 92/83/EEC [25] establishes general rules for determining the basic elements of the excise tax on alcohol and alcoholic beverages, contains a definition of all excisable goods falling into the excise category “alcohol and alcoholic beverages”, the unit of measurement of the tax base for all excisable goods, general approaches to setting excise tax rates, including opportunities and conditions for the use of preferential (reduced) tax rates. The requirements of this Directive on the harmonisation of structures of excise duties on alcohol and alcoholic beverages are mainly taken into account in the legislation of Ukraine, except for the provisions on: definition of such a concept as “intermediate goods”, which are considered excisable goods, the actual strength of which is higher than 1.2% by volume, but not higher than 22% by volume (paragraph 1 of Article 17 of Council Directive 92/83/EEC); reimbursement of the amount of excise duty paid on alcoholic beverages withdrawn from the market if, conditioned upon their condition or term, they are unfit for consumption (Article 25 of Council Directive 92/83/EEC) [25]. The Civil Code of Ukraine also contains definitions of such excisable goods as beer and ethyl alcohol, which differ from the definitions given in Directive 92/83 /EEC.

In addition, Article 27 of Council Directive 92/83/EEC [25] sets out the conditions for exemption from alcohol, namely: which is completely denatured and not intended for human consumption; for the production

of vinegar, and medicines, flavors, food products. In contrast to the EU countries, our country provides for the taxation of alcohol at zero rate of excise tax depending on the direction of its use, in particular, for the production of drugs, organic synthesis products, bioethanol, chemical and technical products, vinegar from food raw materials, perfumes and cosmetics, fortified wine materials, etc. (Article 229 of the Criminal Code of Ukraine [23]).

Council Directive 92/84/EEC [26] lays down the minimum rates of excise duty to be applied in the Member States to alcohol and alcoholic beverages. However, EU law sets only minimum rates, so EU countries are free to apply excise duty rates above these minimums, according to their own national needs. Council Directive 92/83/EEC [25] applies in conjunction with Council Directive 92/84/EEC [26], which sets rates of excise duty depending on the strength of the alcoholic beverage. In the context of the above, Ukraine needs to revise the rules governing the mechanism of excise tax administration, taking into account EU Council Directives, to reform tax legislation and establish a common approach to determining the excise tax base, applying common tax terms and simplifying foreign economic activity. It is also worth noting that in developed countries, pricing policies are used to prevent excessive alcohol consumption, including to prevent and reduce alcohol consumption by minors. After all, pricing policy can change the structure of alcohol consumption by the population, reducing the level of consumption of spirits and reducing the overall level of pure alcohol in terms of absolute alcohol.

As noted by scientists [6, p. 100-101], the main global trends in the field of alcohol taxation are: excise policy in the field of tax regulation of the alcohol market is formed considering national traditions based on finding a balance of interests of producers and consumers, the need to limit social consequences of alcohol abuse; in the implementation of measures aimed at reducing the consumption of alcoholic beverages, the excise tax is characterised by high efficiency; gradual increase in the general level of taxation of alcoholic beverages; use of electronic control systems for the movement of alcoholic beverages from producer to consumer; use of full or partial exemption from excise tax on natural grape wines; application of a differentiated approach to the taxation of alcoholic beverages depending on their strength, and other qualitative and quantitative characteristics, etc.

We share the opinion of scientists that the main task of improving excise taxation in Ukraine is to form an effective system of excise taxation using economically reasonable level of its rates and ensure its performance of the function of limiting the consumption of certain goods harmful to human health [35, p. 111].

CONCLUSIONS

In today's conditions, excise taxation has an important role and place in the formation of the general system of taxation of our state. Excise tax, as an indirect tax, is an important fiscal instrument of the state and a significant source of filling both state and local budgets in Ukraine. Through tax regulation, which is an integral part of state regulation of society, the state influences the development of society through streamlining the tax system, the establishment and administration of taxes and fees. In addition, the use of excise taxation through economically justified tax rates, allows for a targeted impact on the level of consumption of goods harmful to human health, and stimulating the production of quality goods of the excisable group. At the same time, evasion of excise tax and the growth of the shadow sector of the economy can negatively affect all spheres of public life, including the development of civil society in our country. At the same time, citizens and associations of citizens, drawing the attention of society and government agencies to dangerous phenomena and processes in the field of taxation, protect their rights to realise personal economic interests by means provided by applicable law.

We consider the main shortcomings of the tax system of Ukraine to be imperfection and instability of legislation, ambiguity in the interpretation of tax legislation, which negatively affects the activities of economic entities, reduces the attractiveness of the national economy for foreign investors. To eliminate the shortcomings that exist in the tax system of Ukraine, the first steps are to bring the legal framework in line with European directives and principles, for this in Ukraine there are the necessary international and national legal bases and conditions. It is necessary to review the benefits of excise tax in the direction of approximation to EU standards and their formation in accordance with such vectors as: support for the production of national product, which is characterised by the history of its manufacture and the corresponding recipe; support for small producers in the production of alcoholic beverages, in particular, winemakers.

Ways to improve the fiscal efficiency of excise taxation can be measures to improve its administration, namely simplification of tax procedures for taxpayers, setting economically justified tax rates and benefits, strengthening control over the production and circulation of excisable alcohol products, preventing the effects of shadowing goods, including the introduction of positive foreign experience in this area. We consider the

main directions of reforming the excise taxation of alcoholic beverages in Ukraine: a gradual increase in the overall level of taxation of alcoholic beverages; application of a differentiated approach to the taxation of alcoholic beverages depending on their strength, as well as other qualitative and quantitative characteristics; investing part of the budget revenues from the excise tax on alcoholic beverages in programmes aimed at preventing and stopping alcoholism, and financing health care facilities; use of electronic control systems for the movement of alcoholic beverages from producer to consumer. In our opinion, such clarifications will fully consider the existing practice of administering the excise tax on alcoholic beverages and will further increase the efficiency of the mechanism of its action in Ukraine.

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