

TAX ADMINISTRATION DIAGNOSTIC  
ASSESSMENT TOOL

# Performance Assessment Report

## Ukraine

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February 2018

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## ABBREVIATIONS AND ACRONYMS

Cabmin	Cabinet of Minister of Ukraine
CCU	The Clearance Chamber of Ukraine
CIT	Corporate Income Tax
EC	European Commission
ECDU	European Commission Delegation in Ukraine
GDP	Gross Domestic Product
GIZ	German Cooperation Agency
HQ	Headquarters
IAD	Internal Audit Department
IMF	International Monetary Fund
FDI	Foreign Direct Investment
LTO	Large Taxpayers Office
MAC	The Convention on Mutual Administrative Assistance in Tax Matters
MOF	Ministry of Finance of Ukraine
NABU	National Anti-Corruption Bureau of Ukraine
NAPC	National Agency for Prevention of Corruption
NBU	National Bank of Ukraine
NGO	Non-Governmental Organization
PAYE	Pay-As-You-Earn
PEFA	Public Expenditure and Financial Accountability
PIT	Personal Income Tax
POA	Performance Outcome Area
PWC	PricewaterhouseCoopers International Limited
SAS	State Audit Service of Ukraine
SFS	State Fiscal Service of Ukraine
SOE	State-Owned Enterprise
SSC	Social Security Contributions
TADAT	Tax Administration Diagnostic Assessment Tool
TIN	Tax Identification Number
VAT	Value-Added Tax

## PREFACE

An assessment of the system of tax administration of the Ukraine State Fiscal Service (SFS) was undertaken during the period February 12 – 26, 2018 using the Tax Administration Diagnostic Assessment Tool (TADAT). The TADAT assessment was organized by the European Commission Delegation in Ukraine (ECDU). TADAT provides an assessment baseline of tax administration performance that can be used to determine reform priorities, and, with subsequent repeat assessments, highlight reform achievements.

The assessment team comprised the following: Nes Barkey Wolf (Netherlands and Team Leader) Munawer Khwaja (TADAT Secretariat), Ann Andréasson (Sweden) and Faris Fink (US Treasury Resident Advisor). Valuable inputs were provided by Alexandra Janovskaia (ECDU), Sergii Suprun (US Treasury), Paulius Majauskas (Lithuanian MinFin), Gediminas Mudenas (Lithuanian Tax agency).

The assessment team met the Commissioner of the SFS, Mr. Miroslav Prodan; Commissioner of the SFS, Mr. Anatoliy Alexandrov, Head of the Reform Department, and other senior staff from the SFS. Field visits were undertaken to the regional and local offices in Zhitmyr Oblast and Bila Tserkva and the large taxpayer unit in Kyiv

The assessment team expresses its gratitude to the SFS management and other officials (both at headquarters and regional offices) for their hospitality, and robust and open discussions. Special thanks are due to Ms. Nataliia Portniachina of the Reform Office of the SFS for the efficient manner in which they facilitated the work of the assessment team.

A draft performance assessment report was presented to the Commissioner of SFS at the close of the assessment. Written comments have been requested from SFS in the next 21 days.

## EXECUTIVE SUMMARY

### Strengths

- Taxpayers file on time
- Taxpayers pay on time
- There is an independent dispute resolution process
- SFS acts on dispute outcomes
- SFS is transparent with regards to activities, results and plans
- Tax withholding and advance tax systems are widely used

### Weaknesses

- There is no integrated compliance improvement plan
- There is limited actions taken on deterring inaccurate reporting and limited monitoring on that
- The identification, assessment, ranking and quantification of compliance risks is at a basic level
- The level of old tax arrears is high relative to total arrears.
- There is no systematic tax GAP analysis using standard methodology.
- All VAT refund claims are subject to pre-refund audit; there is no risk-based selection of what could go through post-refund audit.
- There is no automated cross-checking of information banks or financial institutions.

Table 1 provides a summary of performance scores, and Figure 1 a graphical snapshot of the distribution of scores. The scoring is structured around the TADAT framework's 9 performance outcome areas (POAs) and 27 high level indicators critical to tax administration performance. An 'ABCD' scale is used to score each indicator, with 'A' representing the highest level of performance and 'D' the lowest.

**Table 1. Ukraine: Summary of TADAT Performance Assessment make 23/2**

INDICATOR	Score 2018	SUMMARY EXPLANATION OF ASSESSMENT
POA 1: Integrity of the Registered Taxpayer Base		
P1-1. Accurate and reliable taxpayer information.	C	The database of registered taxpayers is fairly well maintained, and the information contained in it is adequate for the purpose of effective interaction with taxpayers, but does not provide for pre-filled returns. Although documented procedures exist for updating information, and identifying and deactivating inactive taxpayers, the database is accurate only to a limited extent.
P1-2. Knowledge of the potential taxpayer base.	C	Initiatives to detect unregistered business and individuals are limited in scope.
POA 2: Effective Risk Management		
P2-3. Identification, assessment, ranking, and quantification of compliance risks.	C	Initiatives for intelligence gathering and research into compliance risk are somewhat developed. SFS has a risk assessment process but this is not well-structured.
P2-4. Mitigation of risks through a compliance improvement plan.	D	There is no annual compliance improvement plan.
P2-5. Monitoring and evaluation of compliance risk mitigation activities.	C	It is not usual practice in the SFS to evaluate the broader impact of risk mitigation.
P2-6. Identification, assessment, and mitigation of institutional risks.	C	There are procedures to identify institutional risks but the system is not structured and applied annually as a whole.
POA 3: Supporting Voluntary Compliance		
P3-7. Scope, currency, and accessibility of information.	C	SFS provides information to taxpayers on a wide range of topics and is customized to the needs of different taxpayer segments and groups. The tax administration ensures that the information is current, but taxpayers are not always made aware of changes in law before the law or policy takes effect. The

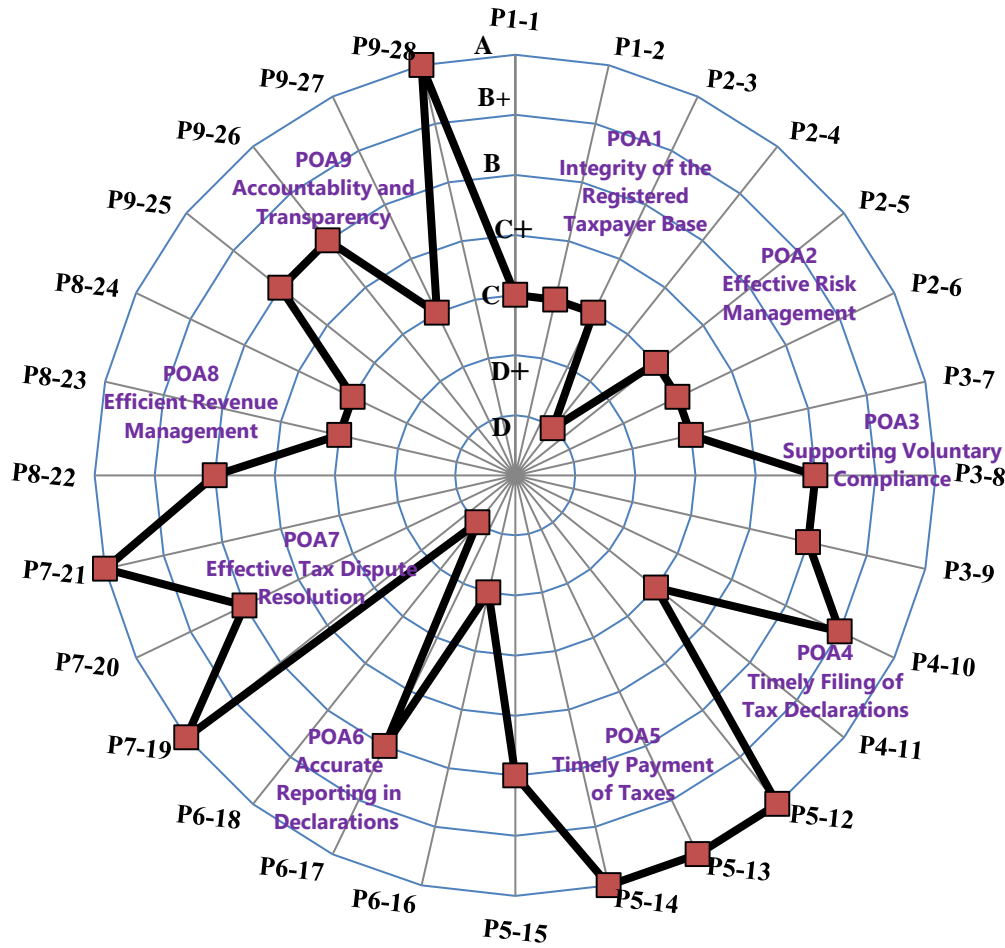
INDICATOR	Score 2018	SUMMARY EXPLANATION OF ASSESSMENT
		information is provided to taxpayers through a wide range of cost-free service delivery channels and taxpayer education programs. Service delivery standards exist in relation to e-services provided to taxpayers. More than 70 percent of calls are responded to within 3 minutes.
P3-8. Scope of initiatives to reduce taxpayer compliance costs.	<b>B</b>	Many initiatives have been taken by the SFS to reduce compliance costs of taxpayers. There is, however, no provision for pre-filled returns.
P3-9. Obtaining taxpayer feedback on products and services.	<b>B</b>	The SFS regularly obtains feedback from taxpayers by commissioning perception surveys. Taxpayer groups and intermediaries are regularly consulted to obtain feedback on processes and products, but they are not actively involved in designing and testing new processes and products.
<b>POA 4: Timely Filing of Tax Declarations</b>		
P4-10. On-time filing rate.	<b>B+</b>	Most of the taxpayers file on time.
P4-11. Use of electronic filing facilities.	<b>C</b>	SFS facilitates the filing of electronic tax declarations and has some success in doing so.
<b>POA 5: Timely Payment of Taxes</b>		
P5-12. Use of electronic payment methods.	<b>A</b>	Electronic payments are mandatory for all core taxes and no other method of payment is allowed.
P5-13. Use of efficient collection systems.	<b>A</b>	Tax withholding at source and advance payment of taxes is widely available.
P5-14. Timeliness of payments.	<b>A</b>	A very high percent of VAT is paid on time.
P5-15. Stock and flow of tax arrears.	<b>B</b>	The level of overall tax arrears is low but a large proportion of these are older than 12 months.
<b>POA 6: Accurate Reporting in Declarations</b>		
P6-16. Scope of verification actions taken to detect and deter inaccurate reporting.	<b>D+</b>	The SFS has an annual audit plan that covers all core taxes and all key taxpayers. There is a degree of large-scale automated



INDICATOR	Score 2018	SUMMARY EXPLANATION OF ASSESSMENT
		crosschecking of data from various government agencies but not from banks/financial institutions.
P6-17. Extent of proactive initiatives to encourage accurate reporting.	<b>B</b>	SFS has a system in place of public and private binding rulings but cooperative compliance arrangements are not well developed.
P6-18. Monitoring the extent of inaccurate reporting.	<b>D</b>	SFS does not conduct systematic monitoring of the extent of inaccurate reporting.
<b>POA 7: Effective Tax Dispute Resolution</b>		
P7-19. Existence of an independent, workable, and graduated dispute resolution process.	<b>A</b>	The SFS of Ukraine has a graduated system of administrative and judicial review available to and used by taxpayers. The administrative review mechanism available for dispute resolution is independent of the audit process. Information on the dispute resolution process is published and available in a variety of media, and taxpayers are made explicitly aware of it during the audit process.
P7-20. Time taken to resolve disputes.	<b>B</b>	The administrative review process is completed within 60 days of the proposed assessment for over 90 percent of all appeals.
P7-21. Degree to which dispute outcomes are acted upon.	<b>A</b>	The SFS regularly monitors and analyzes dispute outcomes.
<b>POA 8: Efficient Revenue Management</b>		
P8-22. Contribution to government tax revenue forecasting process.	<b>B</b>	SFS provides input to government revenue forecasting and monitors collection level, but does not monitor tax expenditures and losses carried forward that may be offset against future tax liabilities.
P8-23. Adequacy of the tax revenue accounting system.	<b>C</b>	The tax revenue accounting system of the SFS is adequate which ensures that tax payments are posted within one business day; however regular external or internal audits of the accounting system are not conducted.
P8-24. Adequacy of tax refund processing	<b>C</b>	The VAT refund system has funds budgeted to meet legitimate refund claims, permits offsetting excess VAT credits against tax arrears, but there is no risk-based verification

INDICATOR	Score 2018	SUMMARY EXPLANATION OF ASSESSMENT
		of refund claims. A high number of VAT refund claims are paid, offset or declined in time.
<b>POA 9: Accountability and Transparency</b>		
P9-25. Internal assurance mechanisms.	<b>B</b>	There is a fully functional Internal Audit Department (IAD) which, though directly under the SFS Commissioner, is also under the dual control of the regional directors. The SFS has an organizationally independent Internal Security Department working directly under the Commissioner with adequate investigative powers.
P9-26. External oversight of the tax administration.	<b>B</b>	There is a fairly strong external oversight of tax administrations functional and financial operations, but their reports are partially published. There is external oversight and an elaborate investigative process for suspected wrongdoing and misadministration but systemic problems identified during external oversight are not always reported to the government.
P9-27. Public perception of integrity.	<b>C</b>	SFS has a good mechanism for monitoring public confidence in the organization, although the reports are not always made public.
P9-28. Publication of activities, results, and plans.	<b>A</b>	The SFS reports annually on its financial and operational performance and makes the report public in a timely manner. The strategic plans are made public in advance of the period covered.

Figure 1. Ukraine: Distribution of Performance Scores



Indicator	Score
P1-1	C
P1-2	C
P2-3	C
P2-4	D
P2-5	C
P2-6	C
P3-7	C
P3-8	B
P3-9	B
P4-10	B+
P4-11	C
P5-12	A
P5-13	A
P5-14	A
P5-15	B
P6-16	D+
P6-17	B
P6-18	D
P7-19	A
P7-20	B
P7-21	A
P8-22	B
P8-23	C
P8-24	C
P9-25	B
P9-26	B
P9-27	C
P9-28	A

## I. INTRODUCTION

This report documents the results of the TADAT assessment conducted in Ukraine during the period of February 12 to 26, 2018, and subsequently reviewed by the TADAT Secretariat. The report is structured around the TADAT framework of 9 POAs and 28 high level indicators critical to tax administration performance that is linked to the POAs. Forty-seven measurement dimensions are taken into account in arriving at each indicator score. A four-point 'ABCD' scale is used to score each dimension and indicator:

- 'A' denotes performance that meets or exceeds international good practice. In this regard, for TADAT purposes, a good practice is taken to be a tested and proven approach applied by a majority of leading tax administrations. It should be noted, however, that for a process to be considered 'good practice,' it does not need to be at the forefront or vanguard of technological and other developments. Given the dynamic nature of tax administration, the good practices described throughout the field guide can be expected to evolve over time as technology advances and innovative approaches are tested and gain wide acceptance.
- 'B' represents sound performance (i.e., a healthy level of performance but a rung below international good practice).
- 'C' means weak performance relative to international good practice.
- 'D' denotes inadequate performance, and is applied when the requirements for a 'C' rating or higher are not met. Furthermore, a 'D' score is given in certain situations where there is insufficient information available to assessors to determine and score the level of performance. For example, where a tax administration is unable to produce basic numerical data for purposes of assessing operational performance (e.g., in areas of filing, payment, and refund processing) a 'D' score is given. The underlying rationale is that the inability of the tax administration to provide the required data is indicative of deficiencies in its management information systems and performance monitoring practices.

For further details on the TADAT framework, see Attachment I.

Some points to note about the TADAT diagnostic approach are the following:

- TADAT assesses the performance outcomes achieved in the administration of the major direct and indirect taxes critical to central government revenues, specifically corporate income tax (CIT), personal income tax (PIT), value-added tax (VAT), and pay-as-you-earn (PAYE) amounts withheld by employers (which, strictly speaking, are remittances of PIT). By assessing outcomes in relation to administration of these

core taxes, a picture can be developed of the relative strengths and weaknesses of a country's tax administration.

- TADAT assessments are evidence based (see Attachment V for the sources of evidence applicable to the assessment of [Insert country name]).
- TADAT is not designed to assess special tax regimes, such as those applying in the natural resource sector, nor does it assess customs administration.
- TADAT provides an assessment within the existing revenue policy framework in a country, with assessments highlighting performance issues that may be best dealt with by a mix of administrative and policy responses.

The aim of TADAT is to provide an objective assessment of the health of key components of the system of tax administration, the extent of reform required, and the relative priorities for attention. TADAT assessments are particularly helpful in:

- identifying the relative strengths and weaknesses in tax administration;
- facilitating a shared view among all stakeholders (country authorities, international organizations, donor countries, and technical assistance providers);
- setting the reform agenda (objectives, priorities, reform initiatives, and implementation sequencing);
- facilitating management and coordination of external support for reforms, and achieving faster and more efficient implementation; and
- monitoring and evaluating reform progress by way of subsequent repeat assessments.

## **II. COUNTRY BACKGROUND INFORMATION**

### **A. Country Profile**

General background information on Ukraine and the environment in which its tax system operates are provided in the country snapshot in Attachment II.

### **B. Data Tables**

Numerical data gathered from the authorities and used in this TADAT performance assessment is contained in the tables comprising Attachment III.

### C. Economic Situation

Ukraine's economic situation has largely stabilized. Thanks to the sound macroeconomic policies implemented by the government, backed by substantial financial assistance from Ukraine's international partners, including the EU, Ukraine came out of the deep recession it went through in 2014 and 2015 (GDP contracted by 6.6 percent and 9.8 percent, respectively). The economy seems to be on the road to recovery with 2.3 percent GDP growth in 2016 and 2.1 percent GDP in 2017 despite the ongoing conflict in eastern Ukraine and the negative impact from a cargo blockage over the non-government controlled areas in place since March 2017. Same ascending trend is projected for 2018 with 3 percent GDP growth. Ukraine's successful return to international capital markets in autumn 2017 after four years is also a sign of the growing confidence in Ukraine's economy. Nevertheless, the economic growth is still modest compared to its potential mostly due to the uneven pace of advancing with the structural reforms. Furthermore, the growth outlook is subject to serious risks.

The economic stabilization is reflected in: (i) the stabilization of the local currency, which allowed the central bank to gradually ease many of the currency controls that were introduced at the peak of the crisis in early 2015; (ii) the strong fiscal consolidation; and (iii) a considerable increase of international reserves over the last 2.5 years (from US\$ 5.6 billion at end-February 2015 to US\$18.4 billion at end-January 2018). Yet, the slow pace of the foreign exchange reserves accumulation is currently considered a growing macroeconomic risk.

A more stable exchange rate has helped to bring inflation under control (from 48.7 percent at the peak of the crisis to 13.7 percent in 2017), however the inflationary pressure is building up driven by growing production costs and consumer demand (notably resulting from wage hikes), as well as rising raw food and fuel prices. To counter that, the monetary authority maintains a tight policy stance amid elevated risks to the macroeconomic stability.

On the fiscal side, strong tax collection helped the authorities to reach a consolidated government deficit of 2.3 percent of GDP in 2016 compared with a 3.7 percent deficit target agreed under the IMF program. Also, in 2017, budgetary consolidation continued, with authorities expecting a budget deficit of below 3 percent. The adopted budget for 2018 envisages a fiscal deficit of 2.4 percent of GDP.

Overall, through a mix of expenditure cuts and reforms, and supported by the IMF program, the country seems to have prioritized the long-term fiscal sustainability. Prudent fiscal policies were essential to the stabilization of the government debt-to-GDP ratio at 80 percent of GDP. The government and the National Bank of Ukraine will be facing significant debt repayments in the period 2018-2020, with the debt redemptions at US\$9 billion in 2018 and 2019 each; US\$8.2 billion in 2020, including government domestic and external repayments, NBU, and SOE debt. In this context, maintaining cooperation with the official creditors will also be important to meet external financing needs.

On the external side, Ukraine's current account deficit has gradually widened following the sharp downward adjustment induced by the economic crisis. As a result of the recovery in investment imports and of robust domestic consumption, the current account deficit—despite an improvement in the terms of trade—amounted to 3 percent of GDP in 2017. The Foreign Direct Investment (FDI) inflows increase very gradually but are still too low to drive growth (around € 1.3 billion in January -September 2017).

The EU-Ukraine Association Agreement / Deep and Comprehensive Free Trade Area and the Association Agenda, combined with proximity to the European markets, create new opportunities for economic development of Ukraine and could compensate the temporarily lost capacity in the East. However, besides uncertainty over the situation in the East, among domestic risks are the upcoming presidential and parliamentary elections in 2019 that could slow-down the implementation of structural reforms needed for ensuring macro-financial stability. Without comprehensive and ambitious structural reforms to boost exports and attract FDI (e.g. deeper anticorruption reforms, further improvement to the business environment), Ukraine's economy will remain vulnerable to exogenous shocks.

#### **D. Main Taxes**

Ukraine's ratio of total revenue collection relative to GDP was 33.4 percent in 2016, dropping down from 35.4 percent in 2015. This included total tax collection of 28.0 percent and social security contribution (SSC) of 5.5 percent of GDP. Since October 2013, SSC is collected by the SFS. The main national taxes are CIT, PIT (including PAYE) and VAT. Other major taxes include excise taxes and simplified single tax (a presumptive tax). The relative percentage contribution of each to total tax revenue in 2017 was CIT – 7.2, PIT (including PAYE) – 18.2, VAT – 30.7, excise – 10.7, other taxes including simplified single tax – 15.5 and social contribution 17.7 .

Further details on tax revenue collections are provided in Table 1 of Attachment III.

#### **E. Institutional Framework**

State Fiscal Service (SFS) of Ukraine is the main institution responsible for the administration and collection of taxes at the national level. The State Fiscal Service reports to the Ministry of Finance within the government structure of Ukraine.

The SFS is organizationally a multiple legal entity 3 level structure, consisting of a headquarter operation, with multiple departments. The Service has 25 regions and 161 local offices. Each of the different units is a separate legal entity. The region and local offices have operational areas which mirror the headquarters, the result is duplicative operations mirroring the headquarters.

The SFS consists of multiple departments providing tax administration services and support activities. The tax organization of the SFS is multifaceted, being organized along type of taxpayer, and type of function. The Service has a Large Taxpayer Organization, Individual entity unit, in Kyiv a High Net Worth Individual unit and a “Legal Entities” department. The Service has functional units including Audit, Debt Collection and Customer Service. The result of this configuration is duplication of support in some instances.

An organizational chart of the tax administration is provided in Attachment IV.

## **F. International Information Exchange**

Ukraine is a member of The Global Forum on Transparency and Exchange of Information for Tax Purposes. The most recent peer review for Ukraine was a Phase 1, legal and regulatory review completed in July 2016. Ukraine is scheduled for a new round (The exchange of information on request Review) in 2018.

Ukraine has tax treaties with 73 countries including the United Kingdom, the United States of America, Germany and France and has signed the Mutual administrative assistance in tax matters Convention (MAC).

## **III. ASSESSMENT OF PERFORMANCE OUTCOME AREAS**

### **A. POA 1: Integrity of the Registered Taxpayer Base**

A fundamental initial step in administering taxes is taxpayer registration and numbering. Tax administrations must compile and maintain a complete database of businesses and individuals that are required by law to register; these will include taxpayers in their own right, as well as others such as employers with PAYE withholding responsibilities. Registration and numbering of each taxpayer underpins key administrative processes associated with filing, payment, assessment, and collection.

Two performance indicators are used to assess POA 1:

- P1-1—Accurate and reliable taxpayer information.
- P1-2—Knowledge of the potential taxpayer base.

#### **P1-1: Accurate and reliable taxpayer information**

For this indicator two measurement dimensions assess (1) the adequacy of information held in the tax administration’s registration database and the extent to which it supports effective interactions with taxpayers and tax intermediaries (i.e., tax advisors and accountants); and (2) the accuracy of information held in the database. Assessed scores are shown in Table 2 followed by an explanation of reasons underlying the assessment.



**Table 2. P1-1 Assessment**

Measurement Dimensions	Scoring Method	Score 2018	
P1-1-1. The adequacy of information held in respect of registered taxpayers and the extent to which the registration database supports effective interactions with taxpayers and tax intermediaries.	M1	B	C
P1-1-2. The accuracy of information held in the registration database.		C	

**The database of registered taxpayers is fairly well maintained, and the information contained in it is adequate for the purpose of effective interaction with taxpayers, but does not provide for pre-filled returns.** The national centralized database is fully computerized and contains all relevant details including identity of related parties and filing and payment obligation of taxpayers. The taxpayers have unique high integrity taxpayer identification number (TIN) which is ten-digits for individuals and eight-digit for legal entities. The registration database is part of the Tax Block information system that links registration to other subsystems for filing and payments, thus allowing a whole-of-taxpayer view for tax inspectors and permitting generation of a variety of management statistics, using filters. The system allows for easy identification of dormant and inactive taxpayers and deregistration and archiving of cases. However, the system is not used for generating pre-filled returns. Through e-cabinet, a taxpayer portal, taxpayers have online access to their tax accounts but are not authorized to update their registration information online.

**Although documented procedures exist for updating information, and identifying and deactivating inactive taxpayers, the database is accurate only to a limited extent.** The system is linked to the database of the Ministry of Justice which provides updated information on the status of legal entities. Companies under liquidation are deactivated and archived. Information from municipalities and other government bodies allows updating active status on individual taxpayers. Applications for registration are scrutinized by the Ministry of Justice after which a TIN is generated automatically. Cross-checking of information is also done on a smaller scale with various other government agencies such as the regional labor offices. No management or audit report was provided that would indicate high level of confidence in the accuracy of the registration database.

#### **P1-2: Knowledge of the potential taxpayer base**

This indicator measures the extent of tax administration efforts to detect unregistered businesses and individuals. The assessed score is shown in Table 3 followed by an explanation of reasons underlying the assessment.

**Table 3. P1-2 Assessment**

Measurement Dimensions	Scoring Method	Score 2018
P1-2. The extent of initiatives to detect businesses and individuals who are required to register but fail to do so.	M1	C

**Initiatives to detect unregistered business and individuals are limited in scope.** The SFS uses third party information from the business registry of the Ministry of Justice, notaries and the labor offices to ensure registration. All citizens over the age of 14 are required to obtain a TIN in order to get the national citizen ID (internal passport) or to conduct any civic activity. However, there is no program of business premises to determine whether a business is registered or not. No reports were produced to indicate results of actions to detect unregistered businesses.

### B. POA 2: Effective Risk Management

Tax administrations face numerous risks that have the potential to adversely affect revenue and/or tax administration operations. For convenience, these risks can be classified as:

- compliance risks—where revenue may be lost if businesses and individuals fail to meet the four main taxpayer obligations (i.e., registration in the tax system, filing of tax declarations, payment of taxes on time, and complete and accurate reporting of information in declarations); and
- institutional risks—where tax administration functions may be interrupted if certain external or internal events occur, such as natural disasters, sabotage, loss or destruction of physical assets, failure of information technology system hardware or software, strike action by employees, and administrative breaches (e.g., leakage of confidential taxpayer information which results in loss of community confidence and trust in the tax administration).

Risk management is essential to effective tax administration and involves a structured approach to identifying, assessing, prioritizing, and mitigating risks. It is an integral part of multi-year strategic and annual operational planning.

Four performance indicators are used to assess POA 2:

- P2-3—Identification, assessment, ranking, and quantification of compliance risks.
- P2-4—Mitigation of risks through a compliance improvement plan.
- P2-5—Monitoring and evaluation of compliance risk mitigation activities.

- P2-6—Identification, assessment, and mitigation of institutional risks.

### P2-3: Identification, assessment, ranking, and quantification of compliance risks

For this indicator two measurement dimensions assess (1) the scope of intelligence gathering and research to identify risks to the tax system; and (2) the process used to assess, rank, and quantify compliance risks. Assessed scores are shown in Table 4 followed by an explanation of reasons underlying the assessment.

**Table 4. P2-3 Assessment**

Measurement Dimensions	Scoring Method	Score 2018	
P2-3-1. The extent of intelligence gathering and research to identify compliance risks in respect of the main tax obligations	M1	B	C
P2-3-2. The process used to assess, rank, and quantify taxpayer compliance risks.		C	

**Initiatives for intelligence gathering and research into compliance risk are somewhat developed.** The Ministry of Economy conducts environmental scans, but these are not routinely processed by the SFS. SFS uses data from its internal departments, as well as external sources such as from the Ministry of Economy, Customs and other government agencies to identify compliance risks. These include results from audits as well as analysis of tax declarations and financial statements. The SFS did transfer pricing and profit shifting studies and studies into the tax planning practices of high-wealth and high-income taxpayers. SFS receives assistance in this area from external advisors such as an US Treasury resident advisor and the EC.

**SFS has a risk assessment process but this is not well-structured.** There is no multi-year strategic document covering the whole risk assessment since this is organized in separate business units, and on a yearly basis. There is, however a risk assessment process available for all core taxes covering the four compliance obligations. There is a risk unit that produces an overview of risks for all core taxes. SFS makes an annual report on compliance of different cluster groups. Individual risks are being administrated and taken into account when doing risk assessment.

### P2-4: Mitigation of risks through a compliance improvement plan

This indicator examines the extent to which the tax administration has formulated a compliance improvement plan to address identified risks. The assessed score is shown in Table 5 followed by an explanation of reasons underlying the assessment.

**Table 5. P2-4 Assessment**

Measurement Dimensions	Scoring Method	Score 2018
P2-4. The degree to which the tax administration mitigates assessed risks to the tax system through a compliance improvement plan.	M1	D

**There is no annual compliance improvement plan.** Annual audit plans for the four core taxes are prepared based on assessed risks, but there is no compliance improvement plan consisting of all compliance risks and the operational steps to mitigate those risks. Apart from audit, the mitigation plan of the SFS does not focus on certain economical or geographical sectors or selected groups of taxpayers, or high net wealth individuals nor is there a mitigation plan for communication with taxpayers. The compliance improvement plan does not focus on continuing education, updating work-instructions or effective re-allocation of staff. These are done, but as separate activities, not as part of a risk mitigation plan. There is an annual plan on compliance actions that focusses on audits which is regularly monitored, at least quarterly.

#### P2-5: Monitoring and evaluation of compliance risk mitigation activities

This indicator looks at the process used to monitor and evaluate mitigation activities. The assessed score is shown in Table 6 followed by an explanation of reasons underlying the assessment.

**Table 6. P2-5 Assessment**

Measurement Dimensions	Scoring Method	Score 2018
P2-5. The process used to monitor and evaluate the impact of compliance risk mitigation activities.	M1	C

**It is not usual practice in the SFS to evaluate the broader impact of risk mitigation.** Compliance risk management plans are approved by senior management and monitored in an ad hoc manner. There is however no regular monitoring of reports on progress of risk mitigation actions. PWC did a global report in 2015 and 2016 on the result of compliance improvement actions which also included Ukraine. The SFS did a proof of concept in two regions where sample groups of taxpayers were approached in a different matter (letter, phone call, etc.) and the results on compliance were measured, documented and used as input for the compliance risk strategy. This was also discussed and approved by senior management. The tax administration on various occasions alerted policy makers of weaknesses in the law that expose the tax system to high levels of risk. This has led to new legislation.

## P2-6: Identification, assessment, and mitigation of institutional risks

This indicator examines how the tax administration manages institutional risks. The assessed score is shown in Table 7 followed by an explanation of reasons underlying the assessment.

**Table 7. P2-6 Assessment**

Measurement Dimensions	Scoring Method	Score 2018
P2-6. The process used to identify, assess, and mitigate institutional risks.	M1	C

**There are procedures to identify institutional risks but the system is not structured and applied annually as a whole.** The SFS does not have a documented institutional risk register. A register of emergency situation exists which, however, does not cover all institutional risks. SFS's business continuity plans are being produced subject by subject and staff gets training in disaster recovery procedures as well as other aspects of institutional risk management. This is done in a train-the-trainer manner where managers get certified for handling emergency situations. There is an emergency as well as an evacuation committee. In all SFS's offices emergency relocation and mobilization plans are updated on a yearly basis. Data is back-upped every night and IT risks are identified, assessed and mitigated conforming to a structured process.

### C. POA 3: Supporting Voluntary Compliance

To promote voluntary compliance and public confidence in the tax system, tax administrations must adopt a service-oriented attitude toward taxpayers, ensuring that taxpayers have the information and support they need to meet their obligations and claim their entitlements under the law. Because few taxpayers use the law itself as a primary source of information, assistance from the tax administration plays a crucial role in bridging the knowledge gap. Taxpayers expect that the tax administration will provide summarized, understandable information on which they can rely.

Efforts to reduce taxpayer costs of compliance are also important. Small businesses, for example, gain from simplified record keeping and reporting requirements. Likewise, individuals with relatively simple tax obligations (e.g., employees, retirees, and passive investors) benefit from simplified filing arrangements and systems that eliminate the need to file.

Three performance indicators are used to assess POA 3:

- P3-7—Scope, currency, and accessibility of information.
- P3-8—Scope of initiatives to reduce taxpayer compliance costs.

- P3-9—Obtaining taxpayer feedback on products and services.

### P3-7: Scope, currency, and accessibility of information

For this indicator four measurement dimensions assess (1) whether taxpayers have the information they need to meet their obligations; (2) whether the information available to taxpayers reflects the current law and administrative policy; (3) how easy it is for taxpayers to obtain information; and (4) how quickly the tax administration responds to requests by taxpayers and tax intermediaries for information (for this dimension, waiting time for telephone enquiry calls is used as a proxy for measuring a tax administration’s performance in responding to information requests generally). Assessed scores are shown in Table 8 followed by an explanation of reasons underlying the assessment.

**Table 8. P3-7 Assessment**

Measurement Dimensions	Scoring Method	Score 2018	
P3-7-1. The range of information available to taxpayers to explain, in clear terms, what their obligations and entitlements are in respect of each core tax.	<b>M1</b>	<b>A</b>	<b>C</b>
P3-7-2. The degree to which information is current in terms of the law and administrative policy.		<b>C</b>	
P3-7-3. The ease by which taxpayers obtain information from the tax administration.		<b>A</b>	
P3-7-4. The time taken to respond to taxpayer and intermediary requests for information.		<b>A</b>	

**SFS provides information to taxpayers on a wide range of topics and is customized to the needs of different taxpayer segments and groups.** There is an elaborate website of the SFS that contains information which covers all the main taxes and taxpayer obligations and entitlements. The information is tailored to the needs of different sectors of the economy, tax intermediaries, and disadvantaged groups such as rural taxpayers and minorities. SFS has printed more than 11,000 different brochures on a wide range of topics, as well as Facebook page. Also, there are 472 service centers that provide information to taxpayers who do not have access to internet. SFS publishes the monthly *Tax Service Herald* which clarifies taxpayers’ rights and duties on different topics.

**The tax administration ensures that the information is current, but taxpayers are not always made aware of changes in law before the law or policy takes effect.** The Taxpayer Service Department and Communication Policy Unit that are responsible for ensuring that the information is current, and adequate staff is dedicated for this purpose. All departments of the SFS are required by documented procedure (SFS Order No. 18/2018) to inform the

Taxpayer Service Department about changes made in their respective areas. These are then posted on the website and brochures are prepared whenever necessary. However, in many instances, information is posted only after the provisions take effect.

**The information is provided to taxpayers through a wide range of cost-free service delivery channels and taxpayer education programs.** In addition to the SFS website, service centers, social media, and information brochures and publication, taxpayers have access to targeted seminars and information campaigns. Procedures are updated annually for advance e-services (e.g. SFS Order 18/2018). The Taxpayer Council, which is a body consisting of taxpayers, NGOs, Ministry of Finance and SFS meets regularly to discuss tax issues and provide information on new provisions in law and procedures. Tax officials conduct competitions for school children to improve their knowledge about taxes. The Tax University at Irpin conducts classes for college student. An annual report on the taxpayer education program is published.

**Service delivery standards exist in relation to e-services provided to taxpayers. More than 70 percent of calls are responded to within 3 minutes.** A modern call center with electronic monitoring and recording exists. The service standard set for calls to be responded within three minutes. According to the system, 71.3 percent of calls are answered within three minutes. (Attachment III, Table 3).

### **P3-8: Scope of initiatives to reduce taxpayer compliance costs**

This indicator examines the tax administration's efforts to reduce taxpayer compliance costs. Assessed scores are shown in Table 9 followed by an explanation of reasons underlying the assessment.

**Table 9. P3-8 Assessment**

Measurement Dimensions	Scoring Method	Score 2018
P3-8. The extent of initiatives to reduce taxpayer compliance costs.	<b>M1</b>	<b>B</b>

**Many initiatives have been taken by the SFS to reduce compliance costs of taxpayers. There is, however, no provision for pre-filled returns.** A simplified scheme is in place for small individual taxpayers, under which they are taxed on a presumptive basis with minimal recording and filing requirement. However, salaried persons and others whose tax is withheld from passive incomes like interest and dividend, do not have to file return if they have no other sources of income. E-Cabinet, a taxpayer portal linked to the Tax Block, is available to taxpayers which provides them with secure online access to their tax accounts. Contact

centers record and bunch together FAQ There is also a register of individual consultation (SFS Order 475/2017 and Art. 52 of Tax Code). These are submitted to the MOF where an expert council (consisting of taxpayers, NGOs and SFS officials) analyzes them to help improve information services and products. Registry of questions and actions taken are on the SFS website. Also, public consultative bodies such as the public council, and the investment council (established under Cabmin resolution 996/2016) provide feedback to how forms and tax declarations can be improved.

### P3-9: Obtaining taxpayer feedback on products and services

For this indicator, two measurement dimensions assess (1) the extent to which the tax administration seeks taxpayer and other stakeholder views of service delivery; and (2) the degree to which taxpayer feedback is taken into account in the design of administrative processes and products. Assessed scores are shown in Table 10 followed by an explanation of reasons underlying the assessment.

**Table 10. P3-9 Assessment**

Measurement Dimensions	Scoring Method	Score 2018	
P3-9-1. The use and frequency of methods to obtain performance feedback from taxpayers on the standard of services provided.	M1	A	B
P3-9-2. The extent to which taxpayer input is taken into account in the design of administrative processes and products.		B	

**The SFS regularly obtains feedback from taxpayers by commissioning perception surveys.** Statistically valid surveys were conducted nationwide by independent expert groups - McKinsey in 2017 and GIZ in 2016. Only the GIZ report was published. In addition, there is a telephone hotline where taxpayers can provide feedback on service received. LTO has a customer survey on their website.

**Taxpayer groups and intermediaries are regularly consulted to obtain feedback on processes and products, but they are not actively involved in designing and testing new processes and products.** The SFS consults the public council and the investment council regularly to identify deficiencies in administrative procedures and forms. The survey reports are also discussed in these forums.

#### D. POA 4: Timely Filing of Tax Declarations

Filing of tax declarations (also known as tax returns) remains a principal means by which a taxpayer's tax liability is established and becomes due and payable. As noted in POA 3,



however, there is a trend toward streamlining preparation and filing of declarations of taxpayers with relatively uncomplicated tax affairs (e.g., through prefilling tax declarations). Moreover, several countries treat income tax withheld at source as a final tax, thereby eliminating the need for large numbers of PIT taxpayers to file annual income tax declarations. There is also a strong trend towards electronic filing of declarations for all core taxes. Declarations may be filed by taxpayers themselves or via tax intermediaries.

It is important that all taxpayers who are required to file do so, including those who are unable to pay the tax owing at the time a declaration is due (for these taxpayers, the first priority of the tax administration is to obtain a declaration from the taxpayer to confirm the amount owed, and then secure payment through the enforcement and other measures covered in POA 5).

The following performance indicators are used to assess POA 4:

- P4-10—On-time filing rate.
- P4-11—Use of electronic filing facilities.

#### **P4-10: On-time filing rate**

A single performance indicator, with four measurement dimensions, is used to assess the on-time filing rate for CIT, PIT, VAT, and PAYE withholding declarations. A high on-time filing rate is indicative of effective compliance management including, for example, provision of convenient means to file declarations (especially electronic filing facilities), simplified declarations forms, and enforcement action against those who fail to file on time. Assessed scores are shown in Table 11 followed by an explanation of reasons underlying the assessment.

**Table 11. P4-10 Assessment**

Measurement Dimensions	Scoring Method	Score 2018	
P4-10-1. The number of CIT declarations filed by the statutory due date as a percentage of the number of declarations expected from registered CIT taxpayers.	M2	C	B+
P4-10-2. The number of PIT declarations filed by the statutory due date as a percentage of the number of declarations expected from registered PIT taxpayers.		A	
P4-10-3. The number of VAT declarations filed by the statutory due date as a percentage of the number of declarations expected from registered VAT taxpayers.		A	

P4-10-4. The number of PAYE withholding declarations filed by employers by the statutory due date as a percentage of the number of PAYE declarations expected from registered employers.		<b>B</b>	
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**Most of the taxpayers file on time.** Data for VAT and PAYE were provided for the year 2017, but since declarations for CIT and PIT were not fully due at the time of the assessment, data for CIT and PIT were provided for the year 2016. As shown in Tables 4 to 8 of Attachment III, on time filing rates for all taxpayers are high, that is above 90 percent, across all core taxes, except for PAYE for which the rate was 84.1 percent. For large taxpayers, 94.9 percent filed CIT declarations on time for in 2016. It is expected that for 2017 (for which declarations are not fully due yet), this percentage will be higher. 99.4 percent of large taxpayers filed VAT declarations on time for in 2017.

#### **P4-11: Use of electronic filing facilities**

This indicator measures the extent to which declarations, for all core taxes, are filed electronically. Assessed scores are shown in Table 12 followed by an explanation of reasons underlying the assessment.

**Table 12. P4-11 Assessment**

Measurement Dimensions	Scoring Method	Score 2018
P4-11. The extent to which tax declarations are filed electronically.	<b>M1</b>	<b>C</b>

**SFS facilitates the filing of electronic tax declarations and has some success in doing so.** As shown in Tables 9 of Attachment III, 55.0 percent of all PIT declarations and 68.2 percent of all CIT declarations were filed electronically in 2016. For VAT 99.3 percent and for PAYE 84.4 percent of declarations were filed electronically in 2017. All large taxpayers are required by law to file tax declarations for all core taxes electronically and 100 percent do so.

### **E. POA 5: Timely Payment of Taxes**

Taxpayers are expected to pay taxes on time. Tax laws and administrative procedures specify payment requirements, including deadlines (due dates) for payment, who is required to pay, and payment methods. Depending on the system in place, payments due will be either self-assessed or administratively assessed. Failure by a taxpayer to pay on time results in imposition of interest and penalties and, for some taxpayers, legal debt recovery action. The

aim of the tax administration should be to achieve high rates of voluntary on-time payment and low incidence of tax arrears.

Four performance indicators are used to assess POA 5:

- P5-12—Use of electronic payment methods.
- P5-13—Use of efficient collection systems.
- P5-14—Timeliness of payments.
- P5-15—Stock and flow of tax arrears.

#### P5-12: Use of electronic payment methods

This indicator examines the degree to which core taxes are paid by electronic means, including through electronic funds transfer (where money is electronically transferred via the Internet from a taxpayer’s bank account to the government’s account), credit cards, and debit cards. For TADAT measurement purposes, payments made in person by a taxpayer to a third party agent (e.g., a bank or post office) that are then electronically transferred by the agent to the government’s account are accepted as electronic payments. Assessed scores are shown in Table 13 followed by an explanation of reasons underlying the assessment.

**Table 13. P5-12 Assessment**

Measurement Dimensions	Scoring Method	Score 2018
P5-12. The extent to which core taxes are paid electronically.	M1	A

**Electronic payments are mandatory for all core taxes and no other method of payment is allowed.** As shown in Tables 9 in Attachment III, all tax payments were made electronically. Taxpayers can either make tax payment by going to their bank and requesting a bank transfer, or make an electronic payment from their home or office using apps or websites of the bank.

#### P5-13: Use of efficient collection systems

This indicator assesses the extent to which acknowledged efficient collection systems—especially withholding at source and advance payment systems—are used. Assessed scores are shown in Table 14 followed by an explanation of reasons underlying the assessment.

**Table 14. P5-13 Assessment**

Measurement Dimensions	Scoring Method	Score 2018
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P5-13. The extent to which withholding at source and advance payment systems are used.	M1	A
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**Tax withholding at source and advance payment of taxes is widely available.** Employers can withhold on salaries and wages, as can financial institutions on interest income and public companies on dividend. There is an advance payment regime to collect income taxes (CIT and PIT) from businesses within the year the relevant income is earned. As the assessment team found out, this is all covered by the Ukrainian Tax Code and is practiced.

#### P5-14: Timeliness of payments

This indicator assesses the extent to which payments are made on time (by number and by value). For TADAT measurement purposes, VAT payment performance is used as a proxy for on-time payment performance of core taxes generally. A high on-time payment percentage is indicative of sound compliance management including, for example, provision of convenient payment methods and effective follow-up of overdue amounts. Assessed scores are shown in Table 15 followed by an explanation of reasons underlying the assessment.

**Table 15. P5-14 Assessment**

Measurement Dimensions	Scoring Method	Score 2018	
		A	A
P5-14-1. The number of VAT payments made by the statutory due date in percent of the total number of payments due.	M1	A	A
P5-14-2. The value of VAT payments made by the statutory due date in percent of the total value of VAT payments due.		A	

**A very high percent of VAT is paid on time.** 92.6 percent of the value of total VAT payment due is paid on time, and 90.1 percent of the total number of VAT payments are received on time. These 2017 figures in Table 10 in Attachment III are indicative for very high timely payment.

#### P5-15: Stock and flow of tax arrears

This indicator examines the extent of accumulated tax arrears. Two measurement dimensions are used to gauge the size of the administration's tax arrears inventory: (1) the ratio of end-year tax arrears to the denominator of annual tax collections; and (2) the more refined ratio of

end-year ‘collectible tax arrears’ to annual collections.<sup>1</sup> A third measurement dimension looks at the extent of unpaid tax liabilities that are more than a year overdue (a high percentage may indicate poor debt collection practices and performance given that the rate of recovery of tax arrears tends to decline as arrears get older.). Assessed scores are shown in Table 16 followed by an explanation of reasons underlying the assessment.

**Table 16. P5-15 Assessment**

Measurement Dimensions	Scoring Method	Score 2018	
P5-15-1. The value of total core tax arrears at fiscal year-end as a percentage of total core tax revenue collections for the fiscal year.	M2	A	B*
P5-15-2. The value of collectible core tax arrears at fiscal year-end as a percentage of total core tax revenue collections for the fiscal year.		A	
P5-15-3. The value of core tax arrears more than 12 months’ old as a percentage of the value of all core tax arrears.		D	

\*In table 11-2 there is an overview of arrears not including those arrears in the occupied areas of Ukraine. If those figures would have been used the outcome for P 5-13-3 would have been a “C” and the overall score for P 5-15 would be a B+.

**The level of overall tax arrears is low but a large proportion of these are older than 12 months.** Arrears data in Table 11 of Attachment III shows that, the end-of-the-year stock of arrears is equivalent to under 9 percent of total annual tax collections in 2015, 2016 and 2017. During the same period, less than 1 percent of these arrears is considered to be collectible. However, of these (uncollectable) arrears, the vast majority is older than 12 months. On an average of the three years, more than 75 percent of arrears are old arrears. This is partly because of tax laws which prohibit SFS from writing off these uncollectable debts before they are 36 months old. Another reason is that there are many arrears from debts that are under judicial review as well as many small debts since there is no tolerance for small debts.

#### **F. POA 6: Accurate Reporting in Declarations**

Tax systems rely heavily on complete and accurate reporting of information by taxpayers in tax declarations. Tax administrations therefore need to regularly monitor tax revenue losses from inaccurate reporting, especially by business taxpayers, and take a range of actions to ensure compliance. These actions fall into two broad groups: verification activities (e.g., tax

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<sup>1</sup> For purposes of this ratio, ‘collectible’ tax arrears is defined as total domestic tax arrears excluding: (a) amounts formally disputed by the taxpayer and for which collection action has been suspended pending the outcome, (b) amounts that are not legally recoverable (e.g., debt foregone through bankruptcy), and (c) arrears otherwise uncollectible (e.g., the debtor has no funds or other assets).

audits, investigations, and income matching against third party information sources) and proactive initiatives (e.g., taxpayer assistance and education as covered in POA 3, and cooperative compliance approaches).

If well designed and managed, tax audit programs can have far wider impact than simply raising additional revenue from discrepancies detected by tax audits. Detecting and penalizing serious offenders serve to remind all taxpayers of the consequences of inaccurate reporting.

Also, prominent in modern tax administration is high-volume automated crosschecking of amounts reported in tax declarations with third party information. Because of the high cost and relative low coverage rates associated with traditional audit methods, tax administrations are increasingly using technology to screen large numbers of taxpayer records to detect discrepancies and encourage correct reporting.

Proactive initiatives also play an important role in addressing risks of inaccurate reporting. These include adoption of cooperative compliance approaches to build collaborative and trust-based relationships with taxpayers (especially large taxpayers) and intermediaries to resolve tax issues and bring certainty to companies' tax positions in advance of a tax declaration being filed, or before a transaction is actually entered into. A system of binding tax rulings can play an important role here.

Finally, on the issue of monitoring the extent of inaccurate reporting across the taxpayer population generally, a variety of approaches are being used, including: use of tax compliance gap estimating models, both for direct and indirect taxes; advanced analytics using large data sets (e.g., predictive models, clustering techniques, and scoring models) to determine the likelihood of taxpayers making full and accurate disclosures of income; and surveys to monitor taxpayer attitudes towards accurate reporting of income.

Against this background, three performance indicators are used to assess POA 6:

P6-16—Scope of verification actions taken to detect and deter inaccurate reporting.

P6-17—Extent of proactive initiatives to encourage accurate reporting.

P6-18—Monitoring the extent of inaccurate reporting.

**P6-16: Scope of verification actions taken to detect and deter inaccurate reporting.**

For this indicator, two measurement dimensions provide an indication of the nature and scope of the tax administration's verification program Assessed scores are shown in Table 17 followed by an explanation of reasons underlying the assessment.

**Table 17. P6-16 Assessment**

Measurement Dimensions	Scoring Method	Score 2018	
P6-16-1. The nature and scope of the tax audit program in place to detect and deter inaccurate reporting.	M2	C	D+
P6-16-2. The extent of large-scale automated crosschecking to verify information in tax declarations.		D	

**The SFS has an annual audit plan that covers all core taxes and all key taxpayers.** It selects audit cases centrally on the basis of assessed risk which are weighted towards large taxpayers. There is however, no category for high net wealth individuals. A range of audit types are used, including comprehensive, single or multiple issues, thematic issues and VAT audits. However, auditors do not use indirect audit methods, since it is not allowed by the Tax Code. The SFS does not monitor or evaluate the impact of the audit program on levels of overall taxpayer compliance.

**There is a degree of large-scale automated crosschecking of data from various government agencies but not from banks/financial institutions.** The assessment team did not see any proof of large scale automated crosschecking with employer information. Cross checking of amounts reported in VAT declarations is being done using a database containing VAT invoices. Matching is done with customs, social security and shareholder registry but not with internet vendors.

#### P6-17: Extent of proactive initiatives to encourage accurate reporting

This indicator assesses the nature and scope of cooperative compliance and other proactive initiatives undertaken to encourage accurate reporting. Assessed scores are shown in Table 18 followed by an explanation of reasons underlying the assessment.

**Table 18. P6-17 Assessment**

Measurement Dimensions	Scoring Method	Score 2018
P6-17. The nature and scope of proactive initiatives undertaken to encourage accurate reporting.	M1	B

**SFS has a system in place of public and private binding rulings but cooperative compliance arrangements are not well developed.** Private rulings are issued by the SFS, and public rulings by the MOF. For public rulings, the SFS has consultation with the MOF and representatives of taxpayers. They discuss the proposed ruling on interpretation or clarification of certain provisions. New rulings are drafted by the SFS and sent to MOF which reviews and then issues them. They are uploaded to the website of the SFS and MOF.

The SFS has limited capability to enter into cooperative compliance arrangements with qualifying taxpayers.

#### P6-18: Monitoring the extent of inaccurate reporting

This indicator examines the soundness of methods used by the tax administration to monitor the extent of inaccurate reporting in declarations. The assessed score is shown in Table 19 followed by an explanation of reasons underlying the assessment.

**Table 19. P6-18 Assessment**

Measurement Dimensions	Scoring Method	Score 2018
P6-18. The soundness of the method/s used by the tax administration to monitor the extent of inaccurate reporting.	M1	D

**SFS does not conduct systematic monitoring of the extent of inaccurate reporting.** The Ministry of Economy conducted an analysis on the size of the shadow economy. The assessment team did not see a statistically valid macro-economic tax-gap analysis. The SFS uses the results of analyses for revenue forecasting but not as an input in designing administrative interventions to improve the accuracy of reporting.

#### G. POA 7: Effective Tax Dispute Resolution

This POA deals with the process by which a taxpayer seeks an independent review, on grounds of facts or interpretation of the law, of a tax assessment resulting from an audit. Above all, a tax dispute process must safeguard a taxpayer's right to challenge a tax assessment and get a fair hearing. The process should be based on a legal framework, be known and understood by taxpayers, be easily accessible, guarantee transparent independent decision-making, and resolve disputed matters in a timely manner.

Three performance indicators are used to assess POA 7:

- P7-19—Existence of an independent, workable, and graduated dispute resolution process.
- P7-20—Time taken to resolve disputes.
- P7-21—Degree to which dispute outcomes are acted upon.

#### P7-19: Existence of an independent, workable, and graduated resolution process

For this indicator three measurement dimensions assess (1) the extent to which a dispute may be escalated to an independent external tribunal or court where a taxpayer is dissatisfied with the result of the tax administration's review process; (2) the extent to which the tax



administration's review process is truly independent; and (3) the extent to which taxpayers are informed of their rights and avenues of review. Assessed scores are shown in Table 20 followed by an explanation of reasons underlying the assessment.

**Table 20. P7-19 Assessment**

Measurement Dimensions	Scoring Method	Score 2018	
P7-19-1. The extent to which an appropriately graduated mechanism of administrative and judicial review is available to, and used by, taxpayers.	M2	A	A
P7-19-2. Whether the administrative review mechanism is independent of the audit process.		A	
P7-19-3. Whether information on the dispute process is published, and whether taxpayers are explicitly made aware of it.		A	

**The SFS of Ukraine has a graduated system of administrative and judicial review available to and used by taxpayers.** The SFS uses a tiered review mechanism in which an independent single review process exists within the tax administration. Where a taxpayer is dissatisfied with the outcome of an administrative review, independent external administrative tribunals with specialized tax benches are available for dispute resolution. Taxpayer also have an additional level of dispute review by higher courts to resolve factual issues and legal interpretations. The administrative review process is widely used by taxpayers.

**The administrative review mechanism available for dispute resolution is independent of the audit process.** The administrative review unit for dispute resolution is organizationally and physically independent of the audit department. There is a separate Appeals Department in the SFS, and all appeal officers are directly subordinate to this department and not to the line departments. This unit conducts all reviews applying objective review procedures which are clearly documented.

**Information on the dispute resolution process is published and available in a variety of media, and taxpayers are made explicitly aware of it during the audit process.** General information on taxpayer dispute rights and the dispute resolution process are publicly available through a variety of source including the tax administration's website, written publications and guides available from the SFS. Established guidelines require auditors to explicitly inform taxpayers of their dispute rights and the available dispute resolution procedures. Audit notices of proposed assessments provide information on dispute procedures and the associated taxpayer rights. Written notifications are included in with proposed assessment documents and the assessment documents themselves have the information in the text of the document.

### P7-20: Time taken to resolve disputes

This indicator assesses how responsive the tax administration is in completing administrative reviews. Assessed scores are shown in Table 21 followed by an explanation of reasons underlying the assessment.

**Table 21. P7-20 Assessment**

Measurement Dimensions	Scoring Method	Score 2018
P7-20. The time taken to complete administrative reviews.	<b>M1</b>	<b>B</b>

**The administrative review process is completed within 60 days of the proposed assessment for over 90 percent of all appeals.** There are guidelines which require the tax appeal officers to complete administrative reviews within 60 days and these guidelines are strictly adhered to in administrative dispute resolution cases. The SFS regularly monitors the dispute resolution process, using a case management system and weekly monitoring reports.

### P7-21: Degree to which dispute outcomes are acted upon

This indicator looks at the extent to which dispute outcomes are taken into account in determining policy, legislation, and administrative procedure. The assessed score is shown in Table 22 followed by an explanation of reasons underlying the assessment.

**Table 22. P7-21 Assessment**

Measurement Dimensions	Scoring Method	Score 2018
P7-21. The extent to which the tax administration responds to dispute outcomes.	<b>M1</b>	<b>A</b>

**The SFS regularly monitors and analyzes dispute outcomes.** It uses a quarterly monitoring process to formulate and adjust tax policy, legislation and administrative procedures. The monitoring process involves reviews of all decisions of tribunals and courts by the Appeals Department. Also, functional units provide feedback to the Appeals Department on the importance of dispute outcomes to ensure policies and procedures are adjusted based on the decisions. The outcomes of administrative disputes are made public with attention paid to taxpayer privacy, outcomes are shared on the SFS website as well as written notices available to the public.

## H. POA 8: Efficient Revenue Management

This POA focuses on three key activities performed by tax administrations in relation to revenue management:

- Providing input to government budgeting processes of tax revenue forecasting and tax revenue estimating. (As a general rule, primary responsibility for advising government on tax revenue forecasts and estimates rests with the Ministry of Finance. The tax administration provides data and analytical input to the forecasting and estimating processes. Ministries of Finance often set operational revenue collection targets for the tax administration based on forecasts of revenue for different taxes.)<sup>2</sup>
- Maintaining a system of revenue accounts.
- Paying tax refunds.

Three performance indicators are used to assess POA 8:

- P8-22—Contribution to government tax revenue forecasting process.
- P8-23—Adequacy of the tax revenue accounting system.
- P8-24—Adequacy of tax refund processing.

### P8-22: Contribution to government tax revenue forecasting process

This indicator assesses the extent of tax administration input to government tax revenue forecasting and estimating. The assessed score is shown in Table 23 followed by an explanation of reasons underlying the assessment.

**Table 23. P8-22 Assessment**

Measurement Dimensions	Scoring Method	Score 2018
P8-22. The extent of tax administration input to government tax revenue forecasting and estimating.	<b>M1</b>	<b>B</b>

**SFS provides input to government revenue forecasting and monitors collection level, but does not monitor tax expenditures and losses carried forward that may be offset**

<sup>2</sup> It is common for Ministries of Finance to review budget revenue forecasts and related tax collection targets during the fiscal year (particularly mid-year) to take account of the changes in the forecasting assumptions, especially changes in the macroeconomic environment.

**against future tax liabilities.** The SFS gathers data on tax revenue collections and economic conditions for input into the budgeting process of tax revenue forecasting. Revenue collections are monitored against budget revenue forecasts and reported to the government. It forecasts VAT refund levels to ensure sufficient funds are available to meet legitimate refund claims. However, it does not have processes in place to regularly monitor and report on the cost to revenue of tax expenditures or on the stock of tax losses carried forward which may be offset against future tax liabilities.

### P8-23: Adequacy of the tax revenue accounting system

This indicator examines the adequacy of the tax revenue accounting system. Assessed scores are shown in Table 24 followed by an explanation of reasons underlying the assessment.

**Table 24. P8-23 Assessment**

Measurement Dimensions	Scoring Method	Score 2018
P8-23. Adequacy of the tax administration's revenue accounting system.	M1	C

**The tax revenue accounting system of the SFS is adequate which ensures that tax payments are posted within one business day; however regular external or internal audits of the accounting system are not conducted.** The SFS has an automated accounting system which meets government information technology and accounting standards, the system interfaces with the MOF revenue accounting system. Tax payments received from the Treasury are posted to the SFS accounting system within one business day. Regular external and internal audits are, however, not conducted to ensure that the SFS accounting system aligns with the tax law or government accounting standards.

### P8-24: Adequacy of tax refund processing

For this indicator, two measurement dimensions assess the tax administration's system of processing VAT refund claims. Assessed scores are shown in Table 25 followed by an explanation of reasons underlying the assessment.

**Table 25. P8-24 Assessment**

Measurement Dimensions	Scoring Method	Score 2018
P8-24-1. Adequacy of the VAT refund system.	M2	D
P8-24-2. The time taken to pay (or offset) VAT refunds.		B
		C

**The VAT refund system has funds budgeted to meet legitimate refund claims, permits offsetting excess VAT credits against tax arrears, but there is no risk-based verification of refund claims.** Budget funds are allocated to meet all legitimate refund claims and excess VAT credits are offset against tax arrears. There is no payment of interest on delayed refunds or no preferential treatment is provided to low-risk taxpayers until all judicial alternatives are exhausted. There is no risk-based verification of refund claims using pre-refund audits of high-risk cases or post-refund audits of low risk cases, nor screening of refund claims using automated risk assessment software. All refund claims go through compulsory pre refund desk audit.

**A high number of VAT refund claims are paid, offset or declined in time.** 92 percent of all VAT refund claims in number of cases, and 87 percent in value, are paid, offset or declined within 30 calendar days. (Table 13 of Attachment III)

### **I. POA 9: Accountability and Transparency**

Accountability and transparency are central pillars of good governance. Their institutionalization reflects the principle that tax administrations should be answerable for the way they use public resources and exercise authority. To enhance community confidence and trust, tax administrations should be openly accountable for their actions within a framework of responsibility to the minister, government, legislature, and the general public.

Four performance indicators are used to assess POA 9:

- P9-25—Internal assurance mechanisms.
- P9-26—External oversight of the tax administration.
- P9-27—Public perception of integrity.
- P9-28—Publication of activities, results, and plans.

#### **P9-25: Internal assurance mechanisms**

For this indicator, two measurement dimensions assess the internal assurance mechanisms in place to protect the tax administration from loss, error, and fraud. Assessed scores are shown in Table 26 followed by an explanation of reasons underlying the assessment.

**Table 26. P9-25 Assessment**

Measurement Dimensions	Scoring Method	Score 2018	
P9-25-1. Assurance provided by internal audit.	M2	C	B
P9-25-2. Staff integrity assurance mechanisms.		A	

**There is a fully functional Internal Audit Department (IAD) which, though directly under the SFS Commissioner, is also under the dual control of the regional directors.** The IAD was created in 2012 under the Budget Code and Cabmin Resolution and has 7 internal auditors at the HQ and 92 in local offices. Six-monthly internal audit plans are proposed at the local level and approved by the Commissioner. These plans cover key tax operations, revenue accounting and internal financial management, but do not include internal audit of IT systems. Internal audit reports are reviewed by the regional director and then sent to the director of the IAD, the SFS Commissioner and the MOF. The SFS maintains a database on internal audit reports by region. Regular training of internal auditors is provided by the MOF. Also, during 2016-17, the IAD conducted four workshops for 136 audit staff. Courses on internal audit are also provided for regular tax officials and regional directors. Independent review of internal audit operations was conducted in 2015-16 by the State Audit Service, and in 2017 by the MOF. Each department provides internal control procedures which are then maintained in a repository by the Organizational Support Department. Audit trail of user access is automatically generated by the IT system.

**The SFS has an organizationally independent Internal Security Department working directly under the Commissioner with adequate investigative powers.** It has a staff of 460 of which 90 are in the HQ and rest in local offices. Staff in the local office report to HQ, although their salaries are paid at the local level. They have authority to conduct operational search. For punitive actions, there is a disciplinary committee under the Commissioner. The department provides leadership on integrity issues, reports to the Commissioner regularly, and was instrumental in drafting the Ethics Code. It maintains a very high level of cooperation with the other enforcement agencies such as the National Anti-Corruption Bureau, Prosecutor's office and police. The department maintains integrity related statistics which are published on the SFS website.

#### **P9-26: External oversight of the tax administration**

Two measurement dimensions of this indicator assess (1) the extent of independent external oversight of the tax administration's operations and financial performance; and (2) the investigation process for suspected wrongdoing and maladministration. Assessed scores are shown in Table 27 followed by an explanation of reasons underlying the assessment.

**Table 27. P9-26 Assessment**

Measurement Dimensions	Scoring Method	Score 2018	
P9-26-1. The extent of independent external oversight of the tax administration's operations and financial performance.	M2	B	B
P9-26-2. The investigation process for suspected wrongdoing and maladministration.		B	

**There is a fairly strong external oversight of tax administrations functional and financial operations, but their reports are partially published.** The external audit of the financial performance is conducted annually by the State Audit Service (SAS). Likewise, the annual audit of the functional performance is conducted by the Clearance Chamber of Ukraine (CCU). The SFS reviews the report and sends comments to the MOF and then to the aforesaid bodies. Open meetings are held between the two audit bodies on the one hand, and the SFS Commissioner and functional directors whose services were audited, on the other. The SFS complies on the recommendation and is required to report back to the external audit bodies. The findings of the CCU and the response and compliance by the SFS are published. However, there is no publication of the findings of the SAS.

**There is external oversight and an elaborate investigative process for suspected wrongdoing and misadministration but systemic problems identified during external oversight are not always reported to the government.** There are two bodies, the Ombudsman and the Public Council that receive complaints on actions of wrongdoing by tax officials. They investigate the complaints and file their report to the SFS Commissioner. External oversight over anti-corruption activities of the SFS are performed by four government bodies: (i) National Anti-Corruption Bureau (NaBu); (ii) the Prosecutor's office; (iii) the Police; and (iv) the National Agency for Prevention of Corruption (NAPC). The NAPC is only a corruption prevention body that makes recommendations on ethics policy. The other three have investigative powers, and cases of anti-corruption are dealt with one or several of them, depending on the severity of the offence. There is regular and systematic monitoring and reporting to the Commissioner of action taken on these investigations.

#### **P9-27: Public perception of integrity**

This indicator examines measures taken to gauge public confidence in the tax administration. The assessed score is shown in Table 28 followed by an explanation of reasons underlying the assessment.

**Table 28. P9-27 Assessment**

Measurement Dimensions	Scoring Method	Score 2018
P9-27. The mechanism for monitoring public confidence in the tax administration.	M1	C

**SFS has a good mechanism for monitoring public confidence in the organization, although the reports are not always made public.** The reports are made by independent third parties (GIZ 2016 and McKinsey 2017). The GIZ report was made public but not the McKinsey report. The SFS is also monitoring their own surveys via the SFS website and they publish the result on the website. SFS generally post surveys and results on their website. SFS also uses these results to improve services.

#### P9-28: Publication of activities, results, and plans

Two measurement dimensions of this indicator assess the extent of (1) public reporting of financial and operational performance; and (2) publication of future directions and plans. Assessed scores are shown in Table 29 followed by an explanation of reasons underlying the assessment.

**Table 29. P9-28 Assessment**

Measurement Dimensions	Scoring Method	Score 2018	
P9-28-1. The extent to which the financial and operational performance of the tax administration is made public, and the timeliness of publication.	M2	A	A
P9-28-2. The extent to which the tax administration's future directions and plans are made public, and the timeliness of publication.		A	

**The SFS reports annually on its financial and operational performance and makes the report public in a timely manner.** SFS prepares the annual report and it is submitted to the Ministry of Finance. The 2016 report was published when it was approved i.e. 6 weeks later. The 2017 Report is not yet published.

**The strategic plans are made public in advance of the period covered.** The report for 2017-2020 was published in the end of 2016. The report is made public prior to implementation.



## Attachment I. TADAT Framework

### Performance outcome areas

TADAT assesses the performance of a country's tax administration system by reference to nine outcome areas:

1. **Integrity of the registered taxpayer base:** Registration of taxpayers and maintenance of a complete and accurate taxpayer database is fundamental to effective tax administration.
2. **Effective risk management:** Performance improves when risks to revenue and tax administration operations are identified and systematically managed.
3. **Support given to taxpayers to help them comply:** Usually, most taxpayers will meet their tax obligations if they are given the necessary information and support to enable them to comply voluntarily.
4. **On-time filing of declarations:** Timely filing is essential because the filing of a tax declaration is a principal means by which a taxpayer's tax liability is established and becomes due and payable.
5. **On-time payment of taxes:** Nonpayment and late payment of taxes can have a detrimental effect on government budgets and cash management. Collection of tax arrears is costly and time consuming.
6. **Accuracy of information reported in tax declarations:** Tax systems rely heavily on complete and accurate reporting of information in tax declarations. Audit and other verification activities and proactive initiatives of taxpayer assistance, promote accurate reporting and mitigate tax fraud.
7. **Adequacy of dispute resolution processes:** Independent accessible, and efficient review mechanisms safeguard a taxpayer's right to challenge a tax assessment and get a fair hearing in a timely manner.



8. **Efficient revenue management:** Tax revenue collections must be fully accounted for, monitored against budget expectations, and analyzed to inform government revenue forecasting. Legitimate tax refunds to individuals and businesses must be paid promptly.
9. **Accountability and transparency:** As public institutions, tax administrations are answerable for the way they use public resources and exercise authority. Community confidence and trust are enhanced when there is open accountability for administrative actions within a framework of responsibility to the minister, legislature, and general community.

### **Indicators and associated measurement dimensions**

A set of 28 high-level indicators critical to tax administration performance are linked to the performance outcome areas. It is these indicators that are scored and reported on. A total of 47 measurement dimensions are taken into account in arriving at the indicator scores. Each indicator has between one and four measurement dimensions.

Repeated assessments will provide information on the extent to which a country's tax administration is improving.

### **Scoring methodology**

The assessment of indicators follows the same approach followed in the Public Expenditure and Financial Accountability (PEFA) diagnostic tool so as to aid comparability where both tools are used.

Each of TADAT's 47 measurement dimensions is assessed separately. The overall score for an indicator is based on the assessment of the individual dimensions of the indicator. Combining the scores for dimensions into an overall score for an indicator is done using one of two methods: Method 1 (M1) or Method 2 (M2). For both M1 and M2, the four-point 'ABCD' scale is used to score each dimension and indicator.

**Method M1** is used for all single dimensional indicators and for multi-dimensional indicators where poor performance on one dimension of the indicator is likely to undermine the impact of good performance on other dimensions of the same indicator (in other words, by the weakest link in the connected dimensions of the indicator).

**Method M2** is based on averaging the scores for individual dimensions of an indicator. It is used for selected multi-dimensional indicators where a low score on one dimension of the indicator does not necessarily undermine the impact of higher scores on other dimensions for the same indicator.

## Attachment II. Ukraine: Country Snapshot

Geography	<ul style="list-style-type: none"> <li>Ukraine is located in Eastern Europe and covers a territory of 603,550 sq. km, borders on seven countries: Poland, Slovakia, Hungary, Romania, Moldova, Russia and Belarus. The capital and largest city is Kyiv.</li> </ul>
Population	<ul style="list-style-type: none"> <li>*42.58 million January 2017 (Source: <a href="http://www.ukrstat.org">www.ukrstat.org</a>) <i>Excluding the temporarily occupied territories of the Autonomous Republic of Crimea, and the city of Sevastopol.</i></li> </ul>
Adult literacy rate	<ul style="list-style-type: none"> <li>99.8 percent of persons aged 15 and over can read and write. (Source: Central Intelligence Agency World Factbook)</li> </ul>
Gross domestic product	<ul style="list-style-type: none"> <li>2016 nominal GDP: US\$ 93.3 (Source: IMF)</li> </ul>
Per capita GDP	<ul style="list-style-type: none"> <li>US\$ 2,198.8 (Source: IMF)</li> </ul>
Main industries	<ul style="list-style-type: none"> <li>Cultivation of agricultural products such as grain, sugar beets, sunflower seeds, vegetables, beef and milk; and industrial production of coal, electric power, ferrous and nonferrous metals, machinery and transport equipment, chemicals, food processing. (Source: Central Intelligence Agency World Factbook)</li> </ul>
Communications	<ul style="list-style-type: none"> <li>- Internet users % of population: 52.48 in 2016.</li> <li>- Mobile 'phone subscribers per 100 people: 132.64 in 2016.</li> </ul> <p>(Source: World Bank)</p>
Main taxes	<ul style="list-style-type: none"> <li>CIT, PIT (inc PAYE), VAT and Social Contribution Collection. The relative percentage contribution of each to total tax revenue is CIT – 7.1%, Social Contribution – 17.7%, PIT – 18.2% and VAT – 30.7%.</li> </ul>
Tax-to-GDP	<ul style="list-style-type: none"> <li>19.64 percent in 2016. (Source: <a href="https://data.worldbank.org/indicator/GC.TAX.TOTL.GD.ZS?end=2016&amp;locations=UA-GE&amp;start=1999">https://data.worldbank.org/indicator/GC.TAX.TOTL.GD.ZS?end=2016&amp;locations=UA-GE&amp;start=1999</a>, <a href="https://data.worldbank.org/indicator/GC.TAX.IMPT.ZS?end=2016&amp;locations=UA-GE&amp;start=1999">https://data.worldbank.org/indicator/GC.TAX.IMPT.ZS?end=2016&amp;locations=UA-GE&amp;start=1999</a> )</li> </ul>
Number of taxpayers	<ul style="list-style-type: none"> <li>CIT (454,103); PAYE 693,057), PIT (41,964,951); VAT (249,352), and domestic excise taxes (6,866) end year 2017</li> </ul>
Main collection agency	<ul style="list-style-type: none"> <li>State Fiscal Service of Ukraine (SFS)</li> </ul>
Number of staff in the main collection agency	<ul style="list-style-type: none"> <li>41,868 employees</li> </ul>
Financial Year	<ul style="list-style-type: none"> <li>Calendar year.</li> </ul>

## Attachment III. Data Tables

Table 1. Tax Revenue Collections <sup>1</sup>				
	2014	2015	2016	2017
In UAH (hryvnas) million				
<b>National budgeted tax revenue forecast<sup>2</sup></b>	<b>577,423.2</b>	<b>692,892.3</b>	<b>775,085.5</b>	<b>983004,6***</b>
Revenue forecast for the State Budget of Ukraine *	303,726.5	416,285.6	514,831.6	647,862.7
Revenue forecast for the local budgets of Ukraine **	94,580.2	86,669.2	131,849.0	174148,2***
Forecast for social contribution collection***	179,116.4	189,937.4	128,404.9	160,993.7
<b>Total tax revenue collections</b>	<b>562,842.6</b>	<b>704,339.4</b>	<b>795,916.8</b>	<b>1,021,894.1</b>
Corporate Income Tax (CIT)	40,201.4	39,053.2	60,223.2	73,396.8
Personal Income Tax (PIT)	75,203.0	99,983.2	138,781.6	185,686.1
Value-Added Tax (VAT)—gross domestic collection	81,953.3	107,416.9	148,458.2	183,511.0
Value-Added Tax (VAT)—collected on imports	107,287.2	138,764.9	181,453.2	250,530.2
Value-Added Tax (VAT)—refunds approved/paid	-43,332.8	-68,405.3	-94,405.4	-120,060.6
Excises on domestic transactions	28,244.2	38,783.8	55,116.3	67,774.2
Excises—collected on imports	16,855.4	24,326.8	35,006.2	41,989.7
Social contribution collections	181,128.0	185,689.9	131,826.8	180,805.2
Other domestic taxes <sup>3</sup>	75,302.8	138,726.1	139,456.7	158,261.5
In percent of total tax revenue collections				
<b>Total tax revenue collections</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
CIT	7.1	5.5	7.6	7.2
PIT	13.4	14.2	17.4	18.2
Value-Added Tax (VAT)—gross domestic collection	14.6	15.3	18.7	18.0
Value-Added Tax (VAT)—collected on imports	19.1	19.7	22.8	24.5
Value-Added Tax (VAT)—refunds approved/paid	-7.7	-9.7	-11.9	-11.7
Excises—collected on domestic transactions	5.0	5.5	6.9	6.6
Excises—collected on imports	3.0	3.5	4.4	4.1
Social contribution collections	32.2	26.4	16.6	17.7
Other domestic taxes	13.4	19.7	17.5	15.5
In percent of GDP				
<b>Total tax revenue collections</b>	<b>35.5</b>	<b>35.4</b>	<b>33.4</b>	<b>35.9</b>
CIT	2.5	2.0	2.5	2.6
PIT	4.7	5.0	5.8	6.5
Value-Added Tax (VAT)—gross domestic collection	5.2	5.4	6.2	6.4
Value-Added Tax (VAT)—collected on imports	6.8	7.0	7.6	8.8
Value-Added Tax (VAT)—refunds approved/paid	-2.7	-3.4	-4.0	-4.2
Excises—collected on domestic transactions	1.8	2.0	2.3	2.4
Excises—collected on imports	1.1	1.2	1.5	1.5
Social contribution collections	11.4	9.3	5.5	6.4
Other domestic taxes	4.7	7.0	5.9	5.6
<b>Nominal GDP in UAH (hryvna) million</b>	<b>1,586,915</b>	<b>1,988,544</b>	<b>2,383,182</b>	<b>2845800****</b>
<b>Explanatory notes:</b>				
<sup>1</sup> This table gathers data for three fiscal years (e.g. 2013 – 15) in respect of all domestic tax revenues collected by the tax administration at the national level, plus VAT and Excise tax collected on imports by the customs and/or other agency.				
<sup>2</sup> This forecast is normally set by the Ministry of Finance (or equivalent) with input from the tax administration and, for purposes of this table, should only cover the taxes listed in the table. The final budgeted forecast, as adjusted through any mid-year review process, should be used.				
<sup>3</sup> Other domestic taxes collected at the national level by the tax administration include, for example, property taxes, financial transaction taxes, and environment taxes.				

\*set by the Ministry of Finance of Ukraine and used by SFS

\*\* developed by regional, rayon and local authorities

\*\*\* developed and used by SFS

\*\*\*\*Anticipated GDO (nominal) in accordance with the Cabinet of Ministers of Ukraine Resolution 399 of July 1, 2016 on approval of economic and social development forecasts of Ukraine for 2017

## B. Movements in the Taxpayer Register

<b>Table 2. Movements in the Taxpayer Register</b>					
<b>(Ref: POA 1)</b>					
<b>2015</b>					
	Active <sup>1</sup> [1]	Inactive (not yet deregistered) [2]	Total end-year position [1 + 2]	Percentage of inactive (not yet deregistered)	Deregistered during the year
Corporate income tax	279,128	173,003	452,131	38	105,391
Personal income tax*	20,058,129	21,887,663	41,945,792	52	540,562
Other taxpayers (single tax for individual entrepreneurs)**	1,008,351	125,311	1,133,662	11	327,006
PAYE withholding (# of employers)	618,233	13,026	631,259	2	9,539
Value Added Tax	184,380	35,357	219,737	16	41,694
Domestic excise tax	1,087	89	1,087	8	179
<b>2016</b>					
Corporate income tax	279,971	167,990	447,961	38	105,281
Personal income tax*	20,071,839	21,865,880	41,937,719	52	507,211
Other taxpayers (single tax for individual entrepreneurs)**	1,037,889	115,853	1,153,742	10	256,804
PAYE withholding (# of employers)	632,211	8,879	641,090	1	10,041
Value Added Tax	175,529	57,724	233,253	25	24,770
Domestic excise tax	5,793	45	5,793	1	328
<b>2017</b>					
Corporate income tax	283,606	170,497	454,103	38	105,171
Personal income tax*	19,960,199	22,004,752	41,964,951	52	522,130
Other taxpayers (single tax for individual entrepreneurs)**	1,181,200	110,788	1,291,988	9	335,668
PAYE withholding (# of employers)	688,858	4,199	693,057	1	17,421
Value Added Tax	184,752	64,600	249,352	26	25,926
Domestic excise tax	6,866	49	6,866	1	384
<b>Explanatory Note:</b>					
<p><sup>1</sup>'Active' taxpayer means registrants from whom returns are expected, i.e. excluding those taxpayers who have not filed a return within at least the last year because the case is defunct, the taxpayer cannot be located or the taxpayer is insolvent.</p>					

### C. Telephone Enquiries

<b>Table 3. Telephone Enquiry Call Waiting Time, 2017</b>			
<b>(Ref: POA 3)</b>			
<b>Month</b>	<b>Total number of telephone enquiry calls received</b>	<b>Telephone enquiry calls answered within 6 minutes' waiting time</b>	
		<b>Number</b>	<b>In percent of total calls</b>
dec-17	228,641	183,860	80.4
nov-17	175,605	133,082	75.8
oct-17	107,966	80,004	74.1
sep-17	152,697	119,332	78.1
aug-17	221,376	173,991	78.6
jul-17	509,832	327,770	64.3
jun-17	414,457	191,937	46.3
may-17	195,158	132,478	67.9
apr-17	244,911	202,701	82.8
mar-17	217,322	164,323	75.6
feb-17	229,942	186,342	81.0
jan-17	286,721	231,632	80.8
<b>Total 2017</b>	<b>2,984,628</b>	<b>2,127,452</b>	<b>71.3</b>

## D. Filing of Tax Declarations

Table 4. On-time Filing of CIT Declarations for 2016 (Ref: POA 4)			
	Number of declarations filed on-time <sup>1</sup>	Number of declarations expected to be filed <sup>2</sup>	On-time filing rate <sup>3</sup>
All CIT taxpayers	272,647	279,971	97.4
Large taxpayers only	1,537	1,619	94.9
<b>Explanatory notes:</b>			
<p><sup>1</sup> 'On-time' filing means declarations (also known as 'returns') filed by the statutory due date for filing (plus any 'days of grace' applied by the tax administration as a matter of administrative policy).</p> <p><sup>2</sup> 'Expected declarations' means the number of CIT declarations that the tax administration expected to receive from registered CIT taxpayers that were required by law to file declarations.</p> <p><sup>3</sup> The 'on-time filing rate' is the number of declarations filed by the statutory due date as a percentage of the total number of declarations expected from registered taxpayers, i.e. expressed as a ratio:</p>			

Table 4. On-time Filing of CIT Declarations for the 2016 Fiscal Year (Ref: POA 4)			
	Number of declarations filed on-time <sup>1</sup>	Number of declarations expected to be filed <sup>2</sup>	On-time filing rate <sup>3</sup>
All CIT taxpayers	272,647	279,971	97.4
Large taxpayers only	1,537	1,619	94.9
<b>Explanatory notes:</b>			
<p><sup>1</sup> 'On-time' filing means declarations (also known as 'returns') filed by the statutory due date for filing (plus any 'days of grace' applied by the tax administration as a matter of administrative policy).</p> <p><sup>2</sup> 'Expected declarations' means the number of CIT declarations that the tax administration expected to receive from registered CIT taxpayers that were required by law to file declarations.</p> <p><sup>3</sup> The 'on-time filing rate' is the number of declarations filed by the statutory due date as a percentage of the total number of declarations expected from registered taxpayers, i.e. expressed as a ratio:</p>			

**Table 6. On-time Filing of VAT Declarations – All taxpayers\* for 2017.**

(Ref: POA 4)

Month	Number of declarations filed on-time <sup>1</sup>	Number of declarations expected to be filed <sup>2</sup>	On-time filing rate <sup>3</sup> (In percent)
jan-17	180,242	182,571	98.7
feb-17	180,866	182,800	98.9
mar-17	184,892	187,352	98.7
apr-17	181,848	183,835	98.9
may-17	182,471	184,734	98.8
jun-17	186,846	190,016	98.3
jul-17	184,400	186,452	98.9
aug-17	185,495	187,684	98.8
sep-17	191,999	193,735	99.1
oct-17	188,316	190,071	99.1
nov-17	189,895	191,167	99.3
dec-17	192,964	194,080	99.4
<b>12-month total</b>	<b>2,230,234</b>	<b>2,254,497**</b>	98.9

**Explanatory notes:**

<sup>1</sup> 'On-time' filing means declarations filed by the statutory due date for filing (plus any 'days of grace' applied by the tax administration as a matter of administrative policy).

<sup>2</sup> 'Expected declarations' means the number of VAT declarations that the tax administration expected to receive from registered VAT taxpayers that were required by law to file declarations.

<sup>3</sup> The 'on-time filing rate' is the number of VAT declarations filed by the statutory due date as a percentage of the total number of declarations expected from registered VAT taxpayers, i.e. expressed as a ratio:

\* Legal entities only

**\*\*2254497 (expected number of returns filed over the course of 12 months), of which:**

1082537 (number of due VAT payments) - (table 10 – number of payments)

1043941 (number of returns with tax credit)

128019 (number of returns where the amount of sale equals the amount of purchase)



<b>Table 7. On-time Filing of VAT Declarations – Large taxpayers only for 2017</b>			
<b>(Ref: POA 4)</b>			
<b>Month</b>	<b>Number of declarations filed on-time<sup>1</sup></b>	<b>Number of declarations expected to be filed<sup>2</sup></b>	<b>On-time filing rate<sup>3</sup></b> (In percent)
jan-17	1,419	1,431	99.2
feb-17	1,416	1,426	99.3
mrt-17	1,421	1,430	99.4
apr-17	1,412	1,422	99.3
mei-17	1,408	1,418	99.3
jun-17	1,402	1,426	98.3
jul-17	1,409	1,415	99.6
aug-17	1,408	1,413	99.6
sep-17	1,416	1,421	99.6
okt-17	1,405	1,410	99.6
nov-17	1,400	1,407	99.5
dec-17	1,399	1,403	99.7
<b>12-month total</b>	<b>16,915</b>	<b>17,022</b>	<b>99.4</b>
<b>Explanatory notes:</b>			
<p><sup>1</sup> 'On-time' filing means declarations filed by the statutory due date for filing (plus any 'days of grace' applied by the tax administration as a matter of administrative policy).</p> <p><sup>2</sup> 'Expected declarations' means the number of VAT declarations that the tax administration expected to receive from large taxpayers that were required by law to file VAT declarations.</p> <p><sup>3</sup> The 'on-time filing rate' is the number of VAT declarations filed by large taxpayers by the statutory due date as a percentage of the total number of VAT declarations expected from large taxpayers, i.e. expressed as a ratio:</p>			

**Table 8. On-time Filing of PAYE Withholding Declarations (filed by employers) for 2017**  
(Ref: POA 4)

Month	Number of declarations filed on-time <sup>1</sup>	Number of declarations expected to be filed <sup>2</sup>	On-time filing rate <sup>3</sup> (In percent)
dec-17	593,960	710,000	83.7
nov-17	594,155	710,000	83.7
oct-17	591,937	710,000	83.4
sep-17	592,875	705,000	84.1
aug-17	587,506	700,000	83.9
jul-17	587,507	700,000	83.9
jun-17	583,466	695,000	84.0
may-17	581,272	695,000	83.6
apr-17	580,974	689,900	84.2
mar-17	576,643	680,090	84.8
feb-17	569,593	669,500	85.1
jan-17	553,865	652,200	84.9
<b>12-month total</b>	<b>6,992,753</b>	<b>8,316,690</b>	<b>84,1%</b>

**Explanatory notes:**

<sup>1</sup> 'On-time' filing means declarations filed by the statutory due date for filing (plus any 'days of grace' applied by the tax administration as a matter of administrative policy).

<sup>2</sup> 'Expected declarations' means the number of PAYE withholding declarations that the tax administration expected to receive from registered employers with PAYE withholding obligations that were required by law to file declarations.

<sup>3</sup> The 'on-time filing rate' is the number of PAYE withholding declarations filed by employers by the statutory due date as a percentage of the total number of PAYE withholding declarations expected from registered employers, i.e. expressed as a ratio:

## E. Electronic Services

<b>Table 9. Use of Electronic Services, 2015-17]<sup>1</sup></b>			
<b>(Ref: POAs 4 and 5)</b>			
	<b>2015</b>	<b>2016</b>	<b>2017</b>
	<b>Electronic filing<sup>2</sup></b>		
	(In percent of all declarations filed for each tax type)		
CIT	67.3*	68.2*	97.2**
PIT	55.0	55.0	59.2
VAT	100.0	100.0	99.3
PAYE withholding (declarations filed by employers)	85.0	88.6	84.4
Large taxpayers (all core taxes)	100.0	100.0	100.0
	<b>Electronic payments<sup>3</sup></b>		
	(In percent of total <b>number</b> of payments received for each tax type)		
CIT	100.0	100.0	100.0
PIT	100.0	100.0	100.0
VAT	100.0	100.0	100.0
PAYE withholding (remitted by employers)	100.0	100.0	100.0
	<b>Electronic payments</b>		
	(In percent of total <b>value</b> of payments received for each tax type)		
CIT	100.0	100.0	100.0
PIT	100.0	100.0	100.0
VAT	100.0	100.0	100.0
PAYE withholding (remitted by employers)	100.0	100.0	100.0
<b>Explanatory notes:</b>			
<p><sup>1</sup> Data in this table will provide an indicator of the extent to which the tax administration is using modern technology to transform operations, namely in areas of filing and payment.</p> <p><sup>2</sup> For purposes of this table, electronic filing involves facilities that enable taxpayers to complete tax declarations online and file those declarations via the Internet.</p> <p><sup>3</sup> Methods of electronic payment include credit cards, debit cards, and electronic funds transfer (where money is electronically transferred via the Internet from a taxpayer's bank account to the Treasury account). Electronic payments may be made, for example, by mobile telephone where technology is used to turn mobile phones into an Internet terminal from which payments can be made. For TADAT measurement purposes, payments made in-person by a taxpayer to a third-party agent (e.g., a bank or post office) that are then electronically transferred by the agent to the Treasury account are accepted as electronic payments.</p>			

\* In accordance with paragraph 49.4 of Article 49 of the Tax Code of Ukraine, large and medium taxpayers file tax returns in electronic form in accordance with the requirements of laws on electronic document circulation and electronic digital signature.

It should be noted that taxpayers whose income is more than UAH 20 million who filed tax returns on corporate profit tax with the help of the SFS electronic services in 2014 is 96.9 percent, for 2015-2016 is 96.8 percent.

\*\* Information is provided in accordance with the filed tax returns on corporate profit tax for the three quarters of 2017, as the deadline for filing annual returns for 2017 is over on March 1, 2018 in accordance with provision 49.18.6 of paragraph 49.18 of Article 49 of the Code.

## F. Payments

<b>Table 10. VAT Payments Made During 2017</b>			
<b>(Ref: POA 5)</b>			
	<b>VAT payments made on-time<sup>1</sup></b>	<b>VAT payments due<sup>2</sup></b>	<b>On-time payment rate<sup>3</sup></b> (In percent)
<b>Number of payments</b>	975,731	1,082,537	90.1
<b>Value of payments (million UAH)*</b>	166,672	179,966	92.6
<b>Explanatory notes:</b>			
<sup>1</sup> 'On-time' payment means paid on or before the statutory due date for payment. <sup>2</sup> 'Payments due' include all payments due, whether self-assessed or administratively assessed (including as a result of an audit). <sup>3</sup> The 'on-time payment rate' is the number (or value) of VAT payments made by the statutory due date in percent of the total number (or value) of VAT payments due, i.e. expressed as ratios: <input type="checkbox"/> <input type="checkbox"/>			

183511,0 – gross amount of VAT revenues from domestic taxation in 2017 (table 1), of which:

\*166672,3 - timely VAT payments made in accordance with returns (table 10, amount of payments)

16838,7 - VAT payments in repayment of tax debt, payment of penalties accrued based on the results of audit, and prepaid VAT payments

### G. Domestic Tax Arrears (including occupied areas)

<b>Table 11. Value of Tax Arrears, 2015 – 2017<sup>1</sup></b>			
<b>(Ref: POA 5)</b>			
	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>In million hryvna</b>			
<b>Total Core tax revenue collections (from Table 1) (A)</b>	704,339.4	795,916.8	1,021,894.1
<b>Total Core tax arrears at end of fiscal year<sup>2</sup> (B)</b>	56,938.5	69,097.7	91417.3
<i>Of which: Collectible<sup>3</sup> (C)</i>	6,354.1	6,819.3	5849.1
<i>Of which: More than 12 months' old (D)</i>	37,320.4	57,650.3	70585.5
<b>In percent</b>			
Ratio of (B) to (A) <sup>4</sup>	<b>8.1</b>	<b>8.7</b>	<b>8.9</b>
Ratio of (C) to (A) <sup>5</sup>	<b>0.9</b>	<b>0.9</b>	<b>0.6</b>
Ratio of (D) to (B) <sup>6</sup>	<b>65.5</b>	<b>83.4</b>	<b>77.2</b>
<b>Explanatory notes:</b>			
<p><sup>1</sup> Data in this table will be used in assessing the value of tax arrears relative to annual collections, and examining the extent to which unpaid tax liabilities are significantly overdue (i.e. older than 12 months).</p> <p><sup>2</sup> 'Total Core tax arrears' include tax, penalties, and accumulated interest.</p> <p><sup>3</sup> 'Collectible' core tax arrears are defined as the total amount of domestic tax, including interest and penalties, that is overdue for payment and which is not subject to collection impediments. Collectible tax arrears therefore generally exclude: (a) amounts formally disputed by the taxpayer and for which collection action has been suspended pending the outcome, (b) amounts that are not legally recoverable (e.g., debt foregone through bankruptcy), and (c) arrears otherwise uncollectible (e.g., the debtor has no funds or other assets).</p>			

### G. Domestic Tax Arrears (without occupied areas)

<b>Table 11. Value of Tax Arrears, 2015 – 2017<sup>1</sup></b>			
<b>(Ref: POA 5)</b>			
	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>In million hryvna</b>			
<b>Total Core tax revenue collections (from Table 1) (A)</b>	704,339.4	795,916.8	1,021,894.1
<b>Total Core tax arrears at end of fiscal year<sup>2</sup> (B)</b>	56,938.5	69,097.7	91,417.3
<i>Of which: Collectible<sup>3</sup> (C)</i>	6,354.1	6,819.3	5,849.1
<i>Of which: More than 12 months' old (D)</i>	31,371.4	51,369.1	61,631.9
<b>In percent</b>			
Ratio of (B) to (A) <sup>4</sup>	8.1	8.7	8.9
Ratio of (C) to (A) <sup>5</sup>	0.9	0.9	0.6
Ratio of (D) to (B) <sup>6</sup>	55.1	74.3	67.4
<b>Explanatory notes:</b>			
<p><sup>1</sup> Data in this table will be used in assessing the value of tax arrears relative to annual collections, and examining the extent to which unpaid tax liabilities are significantly overdue (i.e. older than 12 months).</p> <p><sup>2</sup> 'Total Core tax arrears' include tax, penalties, and accumulated interest.</p> <p><sup>3</sup> 'Collectible' core tax arrears are defined as the total amount of domestic tax, including interest and penalties, that is overdue for payment and which is not subject to collection impediments. Collectible tax arrears therefore generally exclude: (a) amounts formally disputed by the taxpayer and for which collection action has been suspended pending the outcome, (b) amounts that are not legally recoverable (e.g., debt foregone through bankruptcy), and (c) arrears otherwise uncollectible (e.g., the debtor has no funds or other assets).</p>			

\* - without taking into account debts of the Ukrnafta system companies

\*\* - without taking into account tax debts of the occupied Donetsk and Luhansk regions, AR Crimea and the city of Sevastopol, for which the statute of limitation is suspended in accordance with the Tax Code of Ukraine Chapter 10, par. 38.2 #2755-VI from 02.12.2010

## H. Tax Dispute Resolution

**Table 12. Finalization of Administrative Reviews for 2017**  
(Ref: POA 7)

Month	Total number finalized	Finalized within 30 days		Finalized within 60 days		Finalized within 90 days	
		Number	In percent of total	Number	In percent of total	Number	In percent of total
dec-17	9,332	1,865	20.0	7,467	80.0	-	-
nov-17	8,290	1,548	18.0	6,742	81.3	-	-
oct-17	7,403	1,352	18.3	6,051	81.7	-	-
sep-17	6,397	1,164	18.2	5,233	81.8	-	-
aug-17	5,656	1,021	18.1	4,635	81.9	-	-
jul-17	4,921	840	17.1	4,081	82.9	-	-
jun-17	4,329	721	16.7	3,608	83.3	-	-
may-17	3,808	614	16.1	3,194	83.9	-	-
apr-17	3,080	513	16.7	2,567	83.3	-	-
mar-17	2,863	375	13.1	2,488	86.9	-	-
feb-17	2,088	207	9.9	1,881	90.1	-	-
jan-17	476	91	19.1	385	80.9	-	-
<b>12-month total</b>	<b>58643</b>	<b>10311</b>	<b>17.6</b>	<b>48332</b>	<b>82.4</b>	-	-

\* Law of Ukraine № 2464 "On the collection and accounting of unified contribution for mandatory state social insurance" and Article 56 of the Tax Code of Ukraine do not stipulate the consideration of complaints in a period of more than 30 days and 60 days respectively.



## I. Payment of VAT Refunds

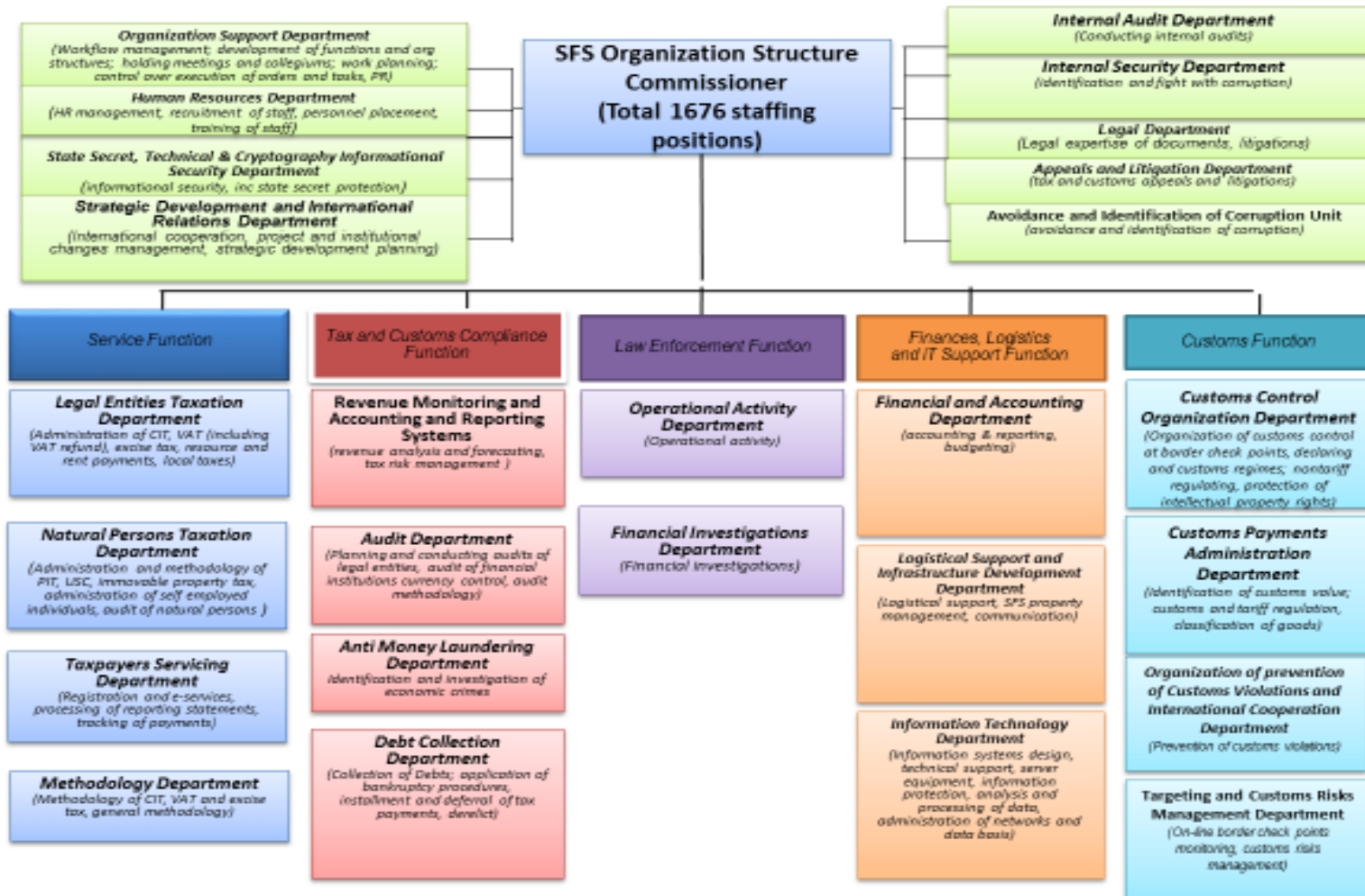
Table 13. VAT Refunds for 2017 (Ref: POA 8)		
	Number of cases	In million hryvna
Total VAT refund claims received (A)	33,789	112,703.1*
Total VAT refunds paid <sup>1</sup>	31,968	106,322.5
Of which: paid within 30 days (B) <sup>2</sup>	30,761	93,830.3
Of which: paid outside 30 days	1,207	12,492.2
Total VAT refund claims declined <sup>3</sup>	626	8864.5**
Of which: declined within 30 days (C)	332	3915.7
Of which: declined outside 30 days	294	4948.8
Total VAT refund claims not processed <sup>4</sup>	281	2714.1
Of which: no decision taken to decline refund	269	1951.4***
Of which: approved but not yet paid or offset	12	762.7
<b>In percent</b>		
Ratio of (B+C) to (A) <sup>5</sup>	92.0	86.7
<p>1 Include all refunds paid, as well as refunds offset against other tax liabilities.</p> <p>2 TADAT measures performance against a 30-day standard.</p> <p>3 Include cases where a formal decision has been taken to decline (refuse) the taxpayer's claim for refund (e.g., where the legal requirements for refund have not been met).</p> <p>4 Include all cases where refund processing is incomplete—i.e. where (a) the formal decision has not been taken to decline the refund claim; or (b) the refund has been approved but not paid or offset.</p>		

\* - does not include claims, filed for obtaining refund in December 2017

\*\* UAH 399,7 million is subject to consideration in court

\*\*\*audits have been carried out

Attachment IV. Organizational Chart



## Attachment V. Sources of Evidence

Indicator	Evidence
P1-1. Accurate and reliable taxpayer information	Review of database Registration forms IT schematic Report to the Executives on Registered Taxpayers Report of Internal Audit unit
P1-2. Knowledge of the potential taxpayer base	Information Exchange Protocol (Minutes) with the State Labour Service Minutes from joint meetings between the municipalities' working groups and SFS officials Information on data exchange with notaries
Background questions:	Schematic Structure Order # 265 structure Department 14, Instruction 153p Order of MoF # 524 On Procedure to Form Timetables
P2-3. Identification, assessment, ranking, and quantification of compliance risks	Order # 524 SFS Order # 877 - analysis of electronic commerce - published information Department 14, Copies of studies on transfer pricing Department 13, Analysis on the draft Law of Ukraine on High Net Worth Individuals
P2-4. Mitigation of risks through a compliance improvement plan	Order # 116 Minutes of the meeting Strategic document - monitoring of risks changes to laws - audit letters Information on working with risks Information on executing Order 116
P2-5. Monitoring and evaluation of compliance risk mitigation activities	Protocol (minutes) of Department 14, 07 Department 14, Copies of letters on changes to the Law of Ukraine on Risks
P2-6. Identification, assessment, and mitigation of institutional risks	Resolution of the Cabinet of Ministers #373 from 29.03.2006 Order #578 on backup copying Order # 56 Analysis on the outcome of labour safety training classes

<p>P3-7. Scope, currency, and accessibility of information</p>	<p>Link to the official SFS web portal  Link to the web portal of the SFS Magazine called <i>Herald - Officially About Taxes</i>  The Resolution of the Cabinet of Ministers of Ukraine # 898 from August 12, 2009, On the Interaction between the Executive Bodies, the Secretariat of the Cabinet of Ministers of Ukraine and the Government Contact Center  Order of the Ministry of Finance # 611 from July 01, 2015, On Approval of the Size of Actual Costs for Copying or Printing Documents Provided upon Request for Information Administered by the Bodies of the State Fiscal Service of Ukraine, and the Procedure for Reimbursement of These Expenses  Order of the SFS of Ukraine #18 from January 15, 2018, On Updating the SFS Official Web Portal  Order of the SFS of Ukraine # 584 from August 7, 2015, On Preparation of Printed and Explanatory Materials  Order of the SFS of Ukraine On Carrying Out an Awareness Campaign for Citizens to Declare their Income Received in 2017 and related letters  Order of the SFS of Ukraine # 261 from April 09, 2015, On Ensuring a Unified Information Policy for Interaction with Mass Media  Order of the SFS of Ukraine # 475 from July 07, 2017, On Approval of the Procedure for the Provision of Information Services by the Contact Center of the SFS  Order of the SFS of Ukraine # 458 from May 20, 2016, On Approval of Documents Regulating the Activity of Taxpayer Service Centers  Information cards of administrative services, approved by orders of the SFS from January 13, 2015, # 7, September 18, 2015, # 712, July 28, 2017, # 500, and December 28, 2017, # 882</p>
	<p>Order of the SFS # 4 from January 13, 2015, On Approval of the Procedure for Organizing the Review of Applications Received by the State Fiscal Service of Ukraine from the Government Contact Center  Order of the SFS #877 from December 27, 2017, On Approval of Strategic Initiatives for the Development of the SFS until year 2020  Order of the SFS # 293 from April 25, 2017, On Approval of the Procedure for Organization of Work on Providing Individual Tax Consultations on Revenue Collection  Technological cards of administrative services, approved by orders of the SFS from December 19, 2014, #381, April 28, 2015, # 304, September 18, 2015, # 712, February 25, 2016, # 181, July 28, 2017, # 500  Order of the SFS #5 from January 13, 2015, On Approval of the Procedure for Introducing and Updating the Knowledge Database  Order of the SFS Information and Reference Department #107 from August 11, 2017, On Approval of the Procedure for Monitoring the Quality of Provided Information Services  Order of the SFS Information and Reference Department #15 from October 15, 2014, On Approval of the Knowledge Database Structure  Order of the SFS Information and Reference Department #15 from January 18, 2018, On Approval of the Procedure for Processing Addresses of Natural Persons and Legal Entities Received by Means of Telecommunications</p>
	<p>Order of the SFS Information and Reference Department #41 from December 02, 2014, On Functional Authority of Structural Units within the SFS Information and Reference Department  Order of the SFS Information and Reference Department #103 August 10, 2017, On Identifying Further Ways to Use Information Services  Order of the Civil Service National Agency #277 from December 20, 2016, On Approval of Typical Public Reporting Procedure by the Head of an Executive Body  Assignment of the SFS Commissioner # 1633/7 / 99-99-06-02-01-09 from January 21, 2015, On the Contest of Children's Creativity (Paintings)  Assignment of the SFS Commissioner # 1177 / 99-99-06-02-03-18 from July 29, 2015</p>
	<p>The schedule of "hotline" operations for the 1st quarter of 2018  Action Plan for organizing the work of the SFS Museum of Ukraine for schoolchildren  Materials of the seminar on the functioning of the CM KOR  Copies of printed materials and explanatory materials  Statistical information on the activities carried out in 2017  Information note about the web portal  Information note on the Herald- Officially About Taxes Magazine  Copies of the Herald - Officially About Taxes Magazine  Examples of children's creativity on tax topics (paintings)  Job Description for an employee of the communications unit  Web view system reports</p>
<p>P3-8. Scope of initiatives to reduce taxpayer compliance costs</p>	<p>Law of Ukraine # 80/94-VR from July 5, 1994 On Information Protection in Information and Telecommunication Systems  Rules for ensuring the protection of information in informational, telecommunicational and information and telecommunication systems, approved by the Resolution of the Cabinet of Ministers of Ukraine # 373 from March 29, 2006  Order of the SFS #382 from December 19, 2014, On Approval of the Response Algorithm to Critical Information on the Activities of SFS Regional Offices in the Mass Media  The Certificate of Compliance with the Web-Portal of the State Fiscal Service of Ukraine IISS ITS (Integrated Information Security System in the Information and Telecommunication System) is registered with the Administration of the State Communication Service #9891 on February 28, 2014 .</p>

P3-9. Obtaining taxpayer feedback on products and services	<p>Resolution of the Cabinet of Ministers of Ukraine # 996 from November 03, 2010, On Ensuring the Public's Involvement in the Process of Formation and Implementation of State Policy</p> <p>Order of the SFS #382 from December 19, 2014, On Approval of the Response Algorithm to Critical Information on the Activities of the SFS Regional Offices in Mass Media</p> <p>Order of the SFS # 261 from April 09, 2015 On Ensuring a Unified Information Policy on Interaction with Mass Media</p> <p>Order of the SFS # 66 from February 02, 2018, On Approval of the Statute on the SFS Public Council</p> <p>Order of the SFS # 908 from November 03, 2016, On Approval of the Public Council's List of Participants</p> <p>Order of the SFS #647 from August 28, 2015, On Approval of the List of Participants of the Board on Promoting Investments and Entrepreneurship</p> <p>Regulation on the Investment Board, from August 17, 2015</p> <p>Assignment of the SFS acting Commissioner, M.V. Prodan, #3375 from November 09, 2017, On the Implementation of Protocol Tasks of Sectoral Meetings</p> <p>Copies of the council meeting minutes, copies of requests to the MoF on proposals received from council members and representatives of the business community</p> <p>Agenda of sectoral meetings</p> <p>Copies of council meeting minutes</p> <p>Minutes of sectoral meetings (September-November 2017)</p>
	<p>Examples of requests to the MoF on proposals received from council members and representatives of the business community</p> <p>Information on joint activities undertaken in 2017 together with representatives of civil society and the business community</p> <p>Technical Proposal filed by GfK Ukraine on holding an all-Ukrainian anonymous poll</p> <p>Assignment of the SFS Commissioner #148 / 99-99-01-04-01-09 from August 16, 2016, On Conducting an all-Ukrainian Online Survey</p> <p>Application for generating information messages with an invitation to participate in conducting a nationwide survey</p> <p>The wording of the taxpayer's notice on conducting a taxpayer survey on the quality of services rendered in 2016 and the text of the questionnaire</p> <p>Results of the anonymous survey of taxpayers in 2016 (presentation materials)</p> <p>Action Plan to improve the taxpayer service system by using the results of an all-Ukrainian online taxpayer survey, approved by the SFS Commissioner from December 20, 2016</p>
P4-10. On-time filing rate	<p>Tables 4-8 of the questionnaire</p> <p>printscreen of analysis dept</p>
P4-11. Use of electronic filing facilities	<p>Table 9 of the questionnaire</p> <p>Website (reference to the E-Reports tab)</p> <p>E-office link</p> <p>Strategic initiatives on e-reporting</p>
Background questions:	<p>Legal base:</p> <p>Tax Code reference on payments and methods</p> <p>Law of Ukraine On Restoring Debtor's Solvency or Recognizing Him Bankrupt</p> <p>Law of Ukraine On Collection and Accounting for the Revenues from Social Insurance Payments</p> <p>Law of Ukraine On Bailiff's Service</p> <p>Handouts (information)</p> <p>Structure and functions on Department 17</p> <p>Website</p>
P5-12. Use of electronic payment methods	<p>Draft Law on Single Account</p> <p>Expert conclusions on th draft Law on Single Account</p> <p>Table 9</p>
P5-13. Use of efficient collection systems	<p>Reference to legal base on withholding tax at the source</p>
P5-14. Timeliness of payments	<p>Table 10</p>
P5-15. Stock and flow of tax arrears	<p>Table 11</p> <p>Form of tax claim</p>

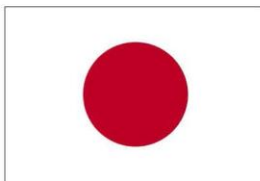
P6-16. Scope of verification actions taken to detect and deter inaccurate reporting	Plan of documentary audits MoF Order #524 (selection procedure) Documents on audit methodologies SFS Order #22 Tax Code art. 77 PIT procedure... Report by industries Audit results Order # 116 Letters to MoF on budget losses Protocols on automatic information exchange
P6-17. Extent of proactive initiatives to encourage accurate reporting	Tax consultations (with examples of both individual and generalized ones) Letters, notices to citizens Letters to MoF requesting clarification of complicated tax matters Order #116 Taxpayer Association (minutes of meetings)
P6-18. Monitoring the extent of inaccurate reporting	Report, analytics on shadow economy Methodology of the Ministry of Economic Development for calculating the size of the shadow economy sector (Chmeruk) System of electronic administration (explanation to a draft law)
Background questions:	Legal base: Tax Code of Ukraine (art. 56) MoF Order #916 Publications
P7-19. Existence of an independent, workable, and graduated dispute resolution process	Legal base: Questionnaire Round table discussion minutes - Internet reference to events Functional Statement of the Department Job descriptions Procedure # 916 Form of letter-notification Act on the results of the check of the validity of the filed complaint SFS Order # 22 from 21.07.2014
P7-20. Time taken to resolve disputes	Table 12
P7-21. Degree to which dispute outcomes are acted upon	Court rulings Quarterly reports on the website
P8-22. Contribution to government tax revenue forecasting process	Analytical Report on the revenue forecast filed to the MoF Daily report on revenues collected Annual report on tax exemptions Analytics on losses carried forward to subsequent reporting periods
P8-23. Adequacy of the tax revenue accounting system	Procedure # 422 Reports of the Clearance Chamber
P8-24. Adequacy of tax refund processing	Resolution of the Cabinet of Ministers of Ukraine # 26 MoF Order # 326 SFS Order # 263 Table #13



TADAT is a collaborative effort of the following partners:



BMZ  Federal Ministry  
for Economic Cooperation  
and Development



 Schweizerische Eidgenossenschaft  
Confédération suisse  
Confederazione Svizzera  
Confederaziun svizra  
  
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Federal Department of Economic Affairs FDEA  
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