Income tax on individuals as a tool impact population welfare

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Abstract – Investigated the tax on personal income in Ukraine in modern conditions. Present briefly the major changes that occurred in the administration of personal income. Determined that there have been significant changes in the personal income tax. The study of changes in the personal income tax as a tool to influence the welfare of the population, we can conclude that the problem of raising living standards rise sharply in today's environment.

Key words – individual income tax, tax, tax administration, mechanism of levying tax, population welfare.

I. Introduction

The most important instrument of state regulation of personal income characteristic of any tax system is the individual income tax. Historically - is the oldest form of tax relations between the state and citizens from forced removal of the mandatory part of their income to create a centralized monetary fund state to perform its functions. The level of individual income tax individuals directly affects the real personal income much of the population, especially those who receive income in the form of basic salary, which requires a balanced approach to tax collection.

We can confidently assert that the tax on personal income (hereinafter - IT) is the main instrument of influence on the welfare of the population. And in terms of socio-economic crisis prevailing in the country today, the role of this instrument increases significantly. Formation and improvement IT occurred throughout the period of Ukraine's independence and is under transformation.

II. Page Setup

IT - is a direct federal tax levied on personal income and is governed by Section IV section of the Tax Code of Ukraine (hereinafter - TCU) [1].

Payers of personal income tax, according to the Tax Code, a physical person - resident who receives income as originating in Ukraine and foreign income and individual - non-resident who receives income from a source in Ukraine.

Tax agent of tax on personal income - a legal entity (its branch, department, another separated unit), self-employed persons, representative non-residents - legal persons, regardless of legal status, method of tax and other taxes and forms accrual of income (in cash or in-kind) must calculate, withhold and pay income tax to the budget on behalf of and at the expense of individual income paid to such a person, to tax accounting, file tax returns and be responsible for tax violations in the manner prescribed by the Tax Code Ukraine.

It is not a non-resident taxpayers who receive income from sources in Ukraine and have diplomatic privileges and immunities established by the international treaty of Ukraine on income they receive directly from the proceedings diplomatic or equivalents there to such international agreement activities.

The object of taxation of personal income tax, according to TCU, is acting resident total monthly (annual) taxable income, income originating in Ukraine, which finally taxed during their charges (payments provision), foreign income - income (profit) obtained from sources outside Ukraine. The object of taxation is a non-resident total monthly (annual) taxable income from sources in Ukraine, revenues originating in Ukraine, which finally taxed during their charges (payments provision).

The mechanism of the tax administration has undergone major reforms that are most observed, so to speak, with the introduction of the TCU 01 January 2011. [1] when introduced progressive taxation scale. However, a number of major legislative changes occurred with the adoption of the Law of Ukraine "On Amendments to the Tax Code of Ukraine and some other legislative acts of Ukraine on tax reform" [2].

Present briefly the major changes that have occurred in the administration of personal income tax:

1) tax on passive income increased from 15% to 20%. These passive income includes royalties and investment income. A proposed tax on dividends set at 5% for businesses that pay income tax on a common basis, and 20% for companies that do not pay income tax;

2) The salary of up to 10 minimum wages will be taxed at 15%, and more than 10 minimum wages (12,180 USD.) - 20% (of the excess amount);

3) tax on personal income will be taxed pensions larger than 3 minimum wage, that is 3654 USD. (15% of the excess amount);

4) at payment cash will have to pay a 2% tax to the Pension Fund, and for non-cash transactions - canceled. Recall today the purchase of foreign currency transactions (both cash and non-cash) will be charged a fee of 0.5% of the purchase price;

5) continued performance of military duty (1.5%) solution before the entry into force of the Verkhovna Rada of Ukraine to complete the reform of the Armed Forces of Ukraine and the tax base of this tax extends to all personal income;

6) introduced step-down ratio that can be applied to the rate of the single social contribution (hereinafter - Single Contribution) subject to compliance with the criteria;

7) Single Contribution of salaries of staff members - not less than the minimum premium news regarding payment of payroll Single Contribution to the overall system and self-employed persons.

Consequently, there have been significant changes in such areas as:

- Increased personal income tax rate. Instead of 17% - 20%. Rules of increased rates have not changed: if the base levy personal income tax for monthly taxable income does not exceed 10 times the minimum wage (hereinafter

- MW), in the amount established on 1 January of the year (in 2015 - 12 180 USD.), Apply a VAT rate of 15 %. If the taxation of personal income tax base determined considering p.164.4 TCU, exceeds the 10 MW, the excess amount is used to rate 20% (previously - 17%). (Changes to st.167.1 TCU). The use of a dual income tax rate (30%). Double the rate specified st.167.1 TCU (30%) applied to income accrued as winnings or prize (except for winnings, prizes in a lottery) for residents or non-residents. Among the exceptions is now no gain in public and private money and lottery winnings player (user) received from the organizer of the game. Wins in public and private money lottery subject to tax in the full amount at the rate of 15%. The rate of personal income tax of 10% for wages of miners lifted;

- Taxation of passive income. Thus, the tax rate on passive income in the tax base set at the following rates: 20% - for passive income, including accrued dividends on shares and / or investment certificates paid collective investment schemes; 5% - for income from dividends on shares and corporate rights accrued residents - payers of corporate income tax by 1 January 2015 (except income from dividends on shares, investment certificates paid to joint investment institutions);

- The taxation of dividend income tax. For dividends on shares and corporate rights accrued residents - payers of corporate income tax to 01/01/2015 was left at 5% (they are taxed at a rate of 5% if paid already in 2015); dividends on shares and corporate rights after 1.1.2015 p. are subject to personal income tax at 20%; dividends on preferred shares under p.170.5.3. TCU equal to the salary and benefits are subject to income tax at the rate of 15% (20%); dividends on shares and / or investment certificates paid by joint investment institutions, subject to personal income tax at 20% (pp.167.5.1 TCU);

- Taxation of pensions. The amounts of pensions over three minimum wages will be taxed according to the law, which operated before 1 January 2015, subject to taxation in the pension in excess of 10 thousand. UAH., Of such excess. From 1 January amended the century. 164 GCC and is now subject to tax pensions that exceed three minimum wages (3654 UAH.), In the part of such excess, at 15%. For example, if the pension is 4100 USD., Then subject only 446 USD. The part that exceeds the limit of 3654 USD. If the excess amount over three MW more than 10 times the minimum wage, the tax rate increases - to 20%. Taxation of pensions carried out by the Pension Fund of Ukraine (gave - PFC) automatically. Retirees do not need to deal with these issues in tax inspection or control PFC [1].

Also, taxation and military duties extended like a long time - "before the entry into force of the Verkhovna Rada of Ukraine of the completion of the reform of the Armed Forces of Ukraine." Tax rates were at the same level - 1.5% of the tax object defined by the claims. 1.2 p. 161 subsection 10 of section XX TCU [1]. The object of taxation from January 1, 2015 are revenues of a century. NKU 163, including total monthly (annual) taxable income of the taxpayer.

It should be noted that delayed administration: 100% of the tax benefits from 2015 to 2016, which will be available in an amount equal to 50% of the subsistence minimum for able-bodied persons (in 2015 - 609 USD) [2].

We must form new approaches to the selection of the rates of tax on personal income, which, unlike the existing ones, shall be based on indicators: ratio of social security and the tax burden, and reduces uneven income distribution in the form of wages and the tax burden on Individuals and increase revenue

The study of changes in the personal income tax as a tool to influence the welfare of the population, we can conclude that the problem of raising living standards rise sharply in today's environment. We consider unacceptable to tax pension benefits, because it is not the incomes and expenses that fell on the shoulders of the citizens and their employers throughout their lives spent at work.

Conclusion

It is safe to say that in 2015 in the taxation of natural persons has changed significantly and negatively affect the level of their welfare. These changes have led to a significant increase in tax liabilities of individuals, which is an unbearable burden for families with low incomes. After all, most people in the country is below the average standard of living. The impact of the tax burden on individuals and reinforces the significant increase utility rates and inflation. Also, when this was not implemented measures to support citizens from the crisis were in financial trouble. We can predict that declared changes adversely affect the socio-economic situation of the country.

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