

TAX AND ACCOUNTING SYSTEMS OF SMALL AGRICULTURAL ENTERPRISES IN THE CONDITIONS OF EUROPEAN INTEGRATION

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Abstract. Globalization processes around the world affect the activities of economic entities, which in turn leads to changes in their accounting and taxation systems. The article is devoted to the study of the peculiarities of the application of the simplified system of accounting and taxation of agrarian businesses of small businesses in order to identify problematic aspects and areas of state support for their functioning in the context of European integration. A study of the main aspects of the Association Agreement between Ukraine, on the one hand, and the European Union, the European Atomic Energy Community and their Member States, on the other hand, in terms of accounting and taxation. It is determined that the implementation of domestic legislation to the regulations of the European Union (directives) is tangible for both businesses and individuals. Analytical data on the activities of small businesses in Ukraine, including agricultural enterprises, are presented. The results of the analysis show a decrease in the number of small enterprises for the period 2015–2019. At the same time, the volumes of produced and sold products of small businesses and micro-enterprises are growing, which testifies to the importance of the activities of these businesses. It is determined that the conditions of production and economic activity of business entities are accompanied by constant changes in current legislation, which causes uncertainty in their position in the competitive environment, leads to the risk of transactions and increased tax burden, and as a result – business closure or withdrawal in the shadows. "The current systems of taxation of small businesses are studied and their advantages and disadvantages are identified. The main criteria for assigning business entities to the group of small businesses in the agricultural sector, taking into account the Tax and Commercial Codes of Ukraine, as well as the provisions of the Law of Ukraine "On Accounting and Financial Reporting in Ukraine". The system of taxation and accounting of small agricultural enterprises is studied. It was found that the current situation in agriculture indicates the shortcomings and lack of efficiency of the tax system, which requires scientific and methodological support for a consistent and stable tax policy for this category of taxpayers, the use of tax in-centives for small businesses, improving the simplified taxation of small businesses . Examining the organization of accounting for small businesses in the context of European integration, the framework of the feasibility of changes in the accounting system. It is noted that a certain problem is the inconsistency of financial and tax accounting for the formation of a harmonized information product for different groups of users. The opinion is expressed that the fiscal orientation of accounting should be reoriented to the needs of the management system and high-quality information support of stakeholders, including foreign investors. It is noted that the legislation on accounting and taxation systems, opening and registration of small and micro enterprises needs to be changed. In order to properly support the development of small business, it is proposed to create favorable conditions for taxation and a clear accounting system: providing information and financial support for the process of business organization and the transition to international accounting standards; organization of the system of training of entrepreneurs and retraining of accountants; streamlining mechanisms to protect the rights of small businesses.

Key words: accounting, taxation, small enterprises, businesses.

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1. Introduction

The current state of the economy, social and globalization challenges that are occurring in the world, affect the domestic accounting system of business entities. It is a proven fact that accounting information provides management decisions. However, the information generalized in the accounting system does not always meet the requirements of different user groups. Accordingly, accounting as a holistic system develops, transforms and adapts under the influence of changing requirements of interested stakeholders.

It is worth noting that the process of European integration in Ukraine is accompanied by a number of changes in various sectors and spheres of life. One of the vectors of European integration is cooperation aimed at improving the tax system and tax authorities of Ukraine. Ukraine's accession to the European Union implies the need to harmonize the accounting system and the formation of financial statements in accordance with the rules of International Accounting Standards. Therefore, the general state of development of the agricultural sector of the economy of Ukraine is associated with constant changes in accounting and tax legislation.

Since the beginning of Ukraine's cooperation with the European Union, scientists have been actively conducting research on accounting and tax harmonization and adaptation.

Artemyeva O.O., Denisovets N.O. (2020) reveal the position of agricultural enterprises in the current tax system and determine the high level of tax burden. Kohut M.G. (2021) notes the need to accelerate the harmonization of Ukraine's tax legislation with the tax legislation of the European Union, given that such changes should not violate the principle of stability, which is one of the main tax principles. Nebiltsova O.V., Korol' V.I. (2015) reveal the conceptual framework of the International Financial Reporting Standard for small and medium-sized enterprises, the preconditions and problems of its application by these economic entities in the European Union and Ukraine. Rudyk N.V. (2020) substantiates the importance and significance of a simplified taxation system for small businesses and local budgets in the context of lockdown in Ukraine. Sidorenko R.V. (2021) identifies the shortcomings of the regulatory framework for the tax administration of small and medium-sized businesses in Ukraine. In my own research (Podolianchuk, 2017, 2020) revealed the problematic issues of accounting and taxation of small businesses, including agricultural enterprises.

The research conducted is undoubtedly significant. However, the urgency of the topic is due to the need to comply with the Association Agreement between Ukraine, on the one hand, and the European Union,

the European Atomic Energy Community and their Member States, on the other hand (Association Agreement with the EU) in terms of accounting and taxation systems. of small business in the agricultural sector of the economy.

The purpose of the scientific publication is to study the features of the simplified system of accounting and taxation of small businesses to identify problematic aspects and areas of state support for their functioning in terms of European integration.

2. The main aspects of the Association Agreement with the EU in terms of accounting and taxation

Before moving on to accounting and taxation, let us recall the historical and identify key aspects of the Association Agreement with the EU on the topic of the study.

The process of European integration began in 2007, when Ukraine and the European Union negotiated the replacement of the Partnership and Cooperation Agreement with the Association Agreement with the EU. After numerous negotiations (21) in 2011, all the provisions of the text of the Association Agreement with the EU were agreed. However, it was signed in 2014 in two stages: on March 21 – the political part, on June 27 – the economic part. The document was ratified on September 16, 2014, and entered into force in full on September 1, 2017.

Key aspects related to accounting and taxation are identified in Sections IV "Trade and Trade-Related Issues" and V "Economic and Sectoral Cooperation" (Association Agreement with the EU). Article 76 of Chapter 5, Customs and Trade Facilitation, Section IV sets out cost reductions and increased predictability for businesses, in particular small and medium-sized enterprises. Ongoing cooperation takes place on issues covered by Section V "Economic and Sectoral Cooperation". Article 387 of Chapter 13 "Legislation on the Application and Operation of Companies, Corporate Governance, Accounting and Auditing" provides for cooperation on the implementation at the national level of relevant international standards and approximation to EU law in the field of accounting and auditing. Articles 349-354 of Chapter 4 "Taxation" define cooperation in the taxation system in order to further improve economic relations, trade, investment and fair competition. In particular, Article 378 of Chapter 10 "Industrial and Entrepreneurship Policy" stipulates that the parties improve the business environment for all businesses with a special focus on small and medium-sized enterprises (SMEs). In-depth cooperation should improve the administrative structure and regulatory framework for Ukrainian and European businesses in Ukraine and the EU and should be based on EU policies for the development

of small and medium enterprises and industry, taking into account internationally recognized principles and practices in these areas (Association Agreement with the EU).

The implementation of domestic legislation to the regulations of the European Union (directives) is tangible for both businesses and individuals.

According to research (Sidorenko, 2021), in countries with developed economies, small business is one of the main sources of filling budgets at various levels, the basis for creating new (free for the state) jobs, a driving factor in the development and introduction of new goods, works and services.

According to the source (Sidorenko, 2021), small and medium enterprises (SMEs) play a major role in most economies, especially in developing countries. SMEs represent more than 90% of all businesses and create more than 50% of all existing jobs. In developing economies, according to official data, SMEs generate more than 40% of national income. If we take into account the "shadow sector", these figures will be much higher. In today's business environment, SMEs create seven out of ten new jobs.

3. Evaluation of the activities of small businesses in Ukraine

We describe the actual situation regarding the presence of small businesses in Ukraine in recent years (Table 1).

Analyzing the data in Table 1, we can conclude that the number of business entities as a whole is declining, although there is an increase in 2019 compared to 2015, the number of large – by 95 units and medium-sized enterprises – by 2619 units.

The number of small businesses is declining. Thus, in 2019, the number of small enterprises in

2019 compared to 2015 decreased by 35,407 units, of which micro-enterprises – by 46,817 units. The situation is the same in the sphere of activity of natural persons-entrepreneurs. As for agricultural enterprises, in combination with fisheries and forestry, the number of medium and small businesses is also declining, including and micro-enterprises and individual entrepreneurs. This situation indicates a decrease in the share of agriculture, forestry and fisheries in the total number of business entities.

However, analyzing the data in Tables 2-3, there is a tendency to increase the volume of products produced and sold by small businesses.

The data in Table 2 confirm the conclusion about the growth of production of small businesses and micro-enterprises.

In 2019, compared to 2015, the volume of products (goods, services) increased by 7.2% for small enterprises, of which 5.2% for micro-enterprises.

The same trends in the agricultural sector. As for the activities of natural persons-entrepreneurs, their share is constant and does not contain significant changes.

Characterizing the volume of sold products of business entities follows the conclusion about the growth of its sales of small businesses and micro-enterprises. In 2019, compared to 2015, the volume of sold products (goods, services), although insignificant, increased by 1.9% for small enterprises, of which 1.6% for micro-enterprises. The same statistics in the agrosphere. The activities of individual entrepreneurs have steady results and contain a slight increase. However, since 2016, a quarter of the products of Ukraine's economy are produced and sold by small enterprises and individual entrepreneurs.

Summarizing the data of the analysis, we can say about the importance of small businesses. It would

Table 1

Number of large, medium, small and micro enterprises

| Businesses | Total by years, units | | | | | | Including agriculture, forestry and fisheries, units | | | | | |
|--|-----------------------|---------|---------|---------|---------|----------------------|--|-------|-------|-------|-------|----------------------|
| | 2015 | 2016 | 2017 | 2018 | 2019 | Deviation, 2019+2015 | 2015 | 2016 | 2017 | 2018 | 2019 | Deviation, 2019+2015 |
| Large | 423 | 383 | 399 | 446 | 518 | +95 | 29 | 20 | 18 | 23 | 34 | +5 |
| Medium | 15510 | 15113 | 15254 | 16476 | 18129 | +2619 | 2535 | 2505 | 2391 | 2307 | 2285 | -250 |
| Small, | 1958385 | 1850034 | 1789406 | 1822671 | 1922978 | -35407 | 76720 | 72095 | 74184 | 73998 | 73131 | -3589 |
| of which micro | 1910830 | 1800736 | 1737082 | 1764737 | 1864013 | -46817 | 71649 | 66905 | 68819 | 68492 | 67627 | -4022 |
| Including: natural persons-entrepreneurs | | | | | | | | | | | | |
| Medium | 307 | 281 | 317 | 419 | 378 | +71 | 2 | 4 | 8 | 9 | 4 | +2 |
| Small, | 1630571 | 1558880 | 1466486 | 1483297 | 1560650 | -69921 | 32538 | 29618 | 26470 | 25815 | 25207 | -7331 |
| of which micro | 1626589 | 1553041 | 1458980 | 1471965 | 1550633 | -75956 | 32412 | 29448 | 26307 | 25585 | 24994 | -7463 |
| % of agriculture, forestry and fisheries to the total indicator of economic entities | | | | | | | | | | | | |
| Large | | | | | | | 6,86 | 5,23 | 4,52 | 5,16 | 6,57 | -0,29 |
| Medium | | | | | | | 16,35 | 16,58 | 15,21 | 14,01 | 12,61 | -3,74 |
| Small, | | | | | | | 3,92 | 3,90 | 4,15 | 4,06 | 3,81 | -0,11 |
| of which micro | | | | | | | 3,75 | 3,72 | 3,97 | 3,89 | 3,61 | -0,12 |

Source: formed by (Economic statistics. Activities of enterprises, 2021)

Table 2

The volume of products (goods, services) produced by business entities

| Businesses | Total by years, in% to the total indicator of business entities | | | | | | Including agriculture, forestry and fisheries, in% to the total indicator of economic entities | | | | | |
|---|---|------|------|------|------|----------------------|--|------|------|------|------|----------------------|
| | 2015 | 2016 | 2017 | 2018 | 2019 | Deviation, 2019+2015 | 2015 | 2016 | 2017 | 2018 | 2019 | Deviation, 2019+2015 |
| Large | 41,7 | 37,5 | 38,3 | 37,9 | 35,9 | -5,8 | 16,5 | 12,2 | 8,8 | 10,3 | 12,7 | -3,8 |
| Medium | 36,7 | 38,5 | 37,0 | 36,2 | 35,9 | -0,8 | κ | 51,7 | 51,4 | 50,8 | 49,1 | x |
| Small, | 21,6 | 24,0 | 24,7 | 25,9 | 28,2 | +7,2 | κ | 36,1 | 39,8 | 38,9 | 38,2 | x |
| of which micro | 10,8 | 12,5 | 13,3 | 14,1 | 16,0 | +5,2 | 10,1 | 12,7 | 13,7 | 13,6 | 14,1 | +4 |
| Including: natural persons-entrepreneurs, in% to the general indicator of natural persons-entrepreneurs | | | | | | | | | | | | |
| Medium | 2,8 | 2,7 | 2,8 | 3,6 | 2,7 | -0,1 | κ | 1,3 | 1,4 | 1,6 | 0,9 | x |
| Small, | 97,2 | 97,3 | 97,2 | 96,4 | 97,3 | +0,1 | κ | 98,7 | 98,6 | 98,4 | 99,1 | x |
| of which micro | 92,3 | 93,2 | 92,9 | 91,9 | 93,2 | +0,9 | 92,4 | 93,5 | 90,7 | 89,9 | 91,2 | -1,2 |

κ – data are not disclosed in order to ensure compliance with the requirements of the Law of Ukraine "On State Statistics" on the confidentiality of statistical information (primary and secondary blocking of vulnerable values)

Source: formed by (Economic Statistics. Activity of enterprises, 2021)

seem that the state is obliged to stimulate the creation of new and development of existing small businesses, including agricultural sector. However, the conditions of production and economic activity of business entities are accompanied by constant changes in current legislation, which causes uncertainty in their position in a competitive environment, leads to the risk of transactions and increasing the tax burden, and as a result – the closure of business or its withdrawal shadow".

4. Taxation of small businesses in the agricultural sector

Given the research of scientists (Sidorenko, 2021) and the provisions of European Union directives, it can be argued that in developed economies apply various types of tax benefits and simplify accounting and reporting, thus reducing the cost of business time on these aspects of activity.

In Ukraine, the norms of the Tax Code (TCU) provide for small businesses two versions of the tax system: general or simplified (Tax Code of Ukraine).

Business entities that have chosen any taxation system are payers of personal income tax (base rate for taxation of wages (18%), military duty (1.5%), single social contribution (22%) and, under certain circumstances – payers of value added tax (VAT).

The general system of taxation does not provide for restrictions on the types of activities of economic entities and determines the payment of income tax at a rate of 18% of the financial result of the activity. The complexity of the general system is that when achieving the annual income from any activity (excluding indirect taxes), determined by the accounting rules for the last annual reporting (tax) more than 40 million hryvnias, the taxpayer is obliged to adjust the accounting financial result on tax differences.

The simplified taxation system provides for the payment of a single tax for each of the four groups

Table 3

The volume of sold products (goods, services) by business entities

| Businesses | Total, in% to the total indicator of business entities | | | | | | Including agriculture, forestry and fish-eries, in% to the total indicator of economic entities | | | | | |
|---|--|------|------|------|------|-----------------------|---|------|------|------|------|-----------------------|
| | 2015 | 2016 | 2017 | 2018 | 2019 | Deviations, 2019+2015 | 2015 | 2016 | 2017 | 2018 | 2019 | Deviations, 2019+2015 |
| Large | 37,0 | 35,6 | 35,2 | 35,3 | 34,5 | -2,5 | 16,5 | 12,8 | 8,3 | 10,1 | 12,9 | -3,6 |
| Medium | 39,3 | 39,9 | 39,9 | 39,7 | 39,9 | -0,6 | κ | 49,8 | 50,9 | 50,4 | 48,2 | x |
| Small | 23,7 | 24,5 | 24,9 | 25,0 | 25,6 | +1,9 | κ | 37,4 | 40,8 | 39,5 | 38,9 | x |
| of which micro | 12,0 | 12,1 | 12,7 | 13,0 | 13,6 | +1,6 | 11,6 | 13,5 | 14,2 | 13,8 | 14,1 | +2,5 |
| Including: natural persons-entrepreneurs, in% to the general indicator of natural persons-entrepreneurs | | | | | | | | | | | | |
| Medium | 3,9 | 3,0 | 3,1 | 3,9 | 2,9 | +1 | κ | 1,3 | 1,3 | 1,5 | 0,8 | x |
| Small | 96,1 | 97,0 | 96,9 | 96,1 | 97,1 | +1 | κ | 98,7 | 98,7 | 98,5 | 99,2 | x |
| of which micro | 90,1 | 91,9 | 91,7 | 91,1 | 92,5 | +1,9 | 92,8 | 93,9 | 91,0 | 90,6 | 91,8 | -1 |

κ – data are not disclosed in order to ensure compliance with the requirements of the Law of Ukraine "On State Statistics" on the confidentiality of statistical information (primary and secondary blocking of vulnerable values)

Source: formed by (Economic statistics. Business activities, 2021)

of taxpayers at separate rates and the simultaneous maintenance of simplified accounting and reporting. The simplified taxation system has become one of the areas of state policy on the development and support of small business.

Scientific research confirms both the advantages and disadvantages of these tax systems (Figure 1).

The choice of the system of taxation of small businesses is influenced by a number of factors, including: type of activity, number of employees, the amount of annual income, ownership of agricultural land. At the same time, it is necessary to take into account the norms of the TCU and the Commercial Code of Ukraine, as the latter provide conditions for the number of employees.

We substantiate the main criteria for assigning business entities to the group of small businesses in the agricultural sector, taking into account the norms of the Tax and Commercial Codes of Ukraine (Table 4).

Agricultural enterprises and legal entities in the general taxation system are payers of income tax at the rate of 18% of the amount of income received. Individual entrepreneurs are payers of personal income tax at the rate of 18% of net income, which is defined as the difference between revenue in cash and in kind and documented expenses related to the business activities of such individual entrepreneur.

Usually agricultural enterprises choose a simplified system of taxation and payment of a single tax of 4 groups. The tax is paid on 1 hectare of agricultural

lands or lands of the water fund and is calculated as a percentage of the tax base – normative monetary assessment (Tax Code of Ukraine, 2021):

- for arable land, hayfields and pastures (except for arable land, hayfields and pastures located in mountainous areas and in Polissya territories, as well as agricultural lands in closed soil conditions) – 0.95%;
- for arable land, hayfields and pastures located in mountainous areas and in Polissya territories – 0.57%;
- for perennial plantations (except for perennial plantations located in mountainous areas and in Polissya territories) – 0.57%;
- for perennial plantations located in mountainous areas and in Polissya territories – 0.19%;
- for water fund lands – 2.43%;
- for agricultural lands in closed soil conditions – 6.33%.

Also, agricultural enterprises can act as payers of the single tax of 3 groups and both natural persons-entrepreneurs can be on the general system of taxation (with payment of personal income tax) and on the simplified system of taxation (payers of the single tax of 2-3 groups).

The rate of the single tax for taxpayers of group 2 is set by village, settlement, city councils or councils of united territorial communities in the amount of not more than 20% of the minimum wage.

For taxpayers of the single tax of group 3, an interest rate of 3% of income is set – if the business entity is

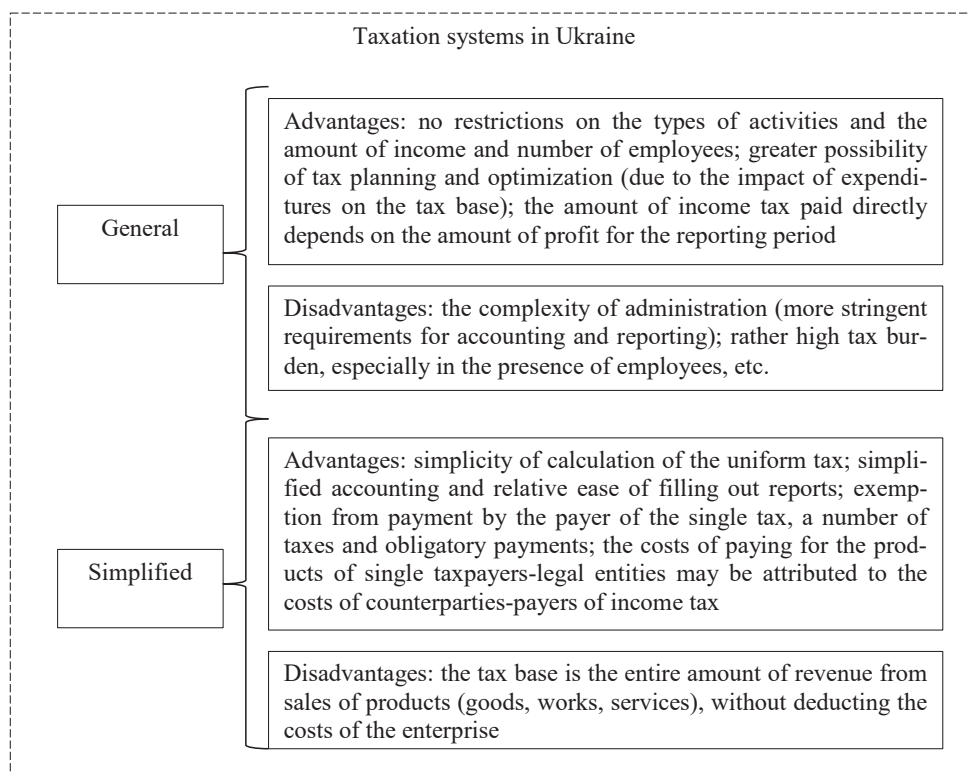


Figure 1. Advantages and disadvantages of tax systems

Source: formed by (Podolianchuk, 2017)

Table 4

Small business entities in the agricultural sector

| Group of payers | Criteria | | | | |
|---|--|--|--|-----------------------|---|
| | Entrepreneur | Average number of employees | The amount of income during the year according to the TCU | Other (special) | |
| General system of taxation | Individual entre-preneur | Up to 10 people – micro-enterprises, Up to 50 – small businesses | - | Agricultural activity | |
| | Legal entity | | - | | |
| Simplified taxation system – a single tax | | | | | |
| 2 group | Individual entre-preneur | Up to 10 people – micro-enterprises, Up to 50 – small businesses | 834 minimum wages | Agricultural activity | |
| 3 group | Individual entre-preneur | | Legal entity | 1167 minimum wages | VAT payers or non-payers |
| | Legal entity | | | | |
| 4 group | Legal entity | | Individual entre-preneurs who carry out activities within the farm | Without re-strictions | The share of agricultural production for the pre-vious tax (reporting) year is equal to or ex-ceeds 75% |
| | Individual entre-preneurs who carry out activities within the farm | The area of agricultural land is not less than 2 hectares but not more than 20 hectares of members of the farm | | | |

Source: formed by (Commercial Code of Ukraine; Tax Code of Ukraine, 2021)

a VAT payer or 5% of income – if the business entity is not a VAT payer.

Registration of a business entity as a VAT payer is conditioned by the norms of the TCU, which define the conditions of mandatory registration: if the total amount of transactions for the supply of taxable goods (services) accrued (paid) to such person during the last 12 calendar months, exceeds 1,000,000 hryvnias (excluding value added tax), except for a person who is a payer of the single tax of the first – third group (Tax Code of Ukraine, 2021).

Given the above and estimating the volume of sales of agricultural enterprises, it can be argued that in the system of indirect taxation of agricultural enterprises, VAT calculations occupy a significant place. The country's European direction has led to changes in this tax, including increased collection and control capacity, with particular emphasis on VAT refund procedures to avoid debt accumulation, ensure effective tax collection and strengthen the fight against tax fraud, as well as tax evasion (Agreement on association with the EU, 2021). According to the EU Directives, the VAT rate can be set at less than 15% with the possibility of further revision, but not less than 5%. At the same time, each EU member state has the right to set its own tax rates, which range from 15% (in Luxembourg) to 25% (in Sweden and Denmark). VAT rates in excess of 20% are applied in Belgium, the Czech Republic, Spain, Latvia, Lithuania, the Netherlands (21%), Italy, Slovenia (22%), Greece, Ireland, Poland, Portugal (23%), Romania and Finland (24%), Croatia, Sweden (25%). The highest rate – 27% – is applied in Hungary.

In accordance with the commitments of the Association Agreement with the EU, in Ukraine in 2017,

a special VAT tax regime for agricultural producers was abolished. This influenced them to be equated with enterprises of other spheres of activity and the use of the general VAT rate of 20%. Instead, the state introduced a budget subsidy system to compensate for possible losses from the abolition of the special VAT regime. The Law of Ukraine "On State Support of Agriculture" was amended and supplemented by Section V "State Support of Producers of Certain Types of Agricultural Products" and Article 161 "Budget Grant for Development of Agricultural Producers and Stimulation of Agricultural Production". However, it should be noted that not all agricultural producers can receive a subsidy, but only those who carry out activities specified in paragraph 161.3 of the Law № 1877-IV "On state support of agriculture in Ukraine" [on the support].

The study of the provisions of this Law shows that among the possible recipients of the subsidy there are no agricultural enterprises that grow cereals, sunflowers and other common crops.

Note that the provision of subsidies to agricultural enterprises is a fairly common practice in EU countries, but in them subsidies are paid per 1 hectare of land, and not as a refund of part of the tax.

In March 2021, based on the amendments to the TCU, a VAT rate of 14% was introduced for certain types of agricultural products. As of today, the 14% rate applies to the supply of wheat and a mixture of crushed wheat and rye (meslin), barley, corn, soybeans, seeds of rapeseed, sunflower seeds (Tax Code of Ukraine, 2021).

This situation meets the requirements of the Association Agreement with the EU. However, the analysis of tax changes (Rudyk, 2020) showed

the process of stagnation of Ukraine's economy, increasing tax burden (especially on individual entrepreneurs), lack of economic growth, increasing the scale of the negative of tax innovations. Therefore, the consequences were layoffs, closures, "shadowing" of businesses and the expansion of the shadow economy in the country as a whole. Ukrainian tax legislation, which seems to provide opportunities for work in a simplified way, is still supported by many negatives. And above all – the instability of tax legislation does not improve the functioning and development of small businesses. Addressing these issues requires improving the transparency of the tax system, introducing simplifications in the tax burden, increasing the effectiveness of government decisions.

State support for the agricultural sector in the European Union is different from that in Ukraine, it is more about social considerations and food security than the economic component. According to research (Artemyeva, Denisovets, 2020), it is determined that in the European Union 40% of the state budget is spent on supporting small agricultural enterprises. In Ukraine, on the other hand, this figure is 1% of the state budget.

We share the opinion (Kohut, 2021) that one of the main reasons for the negative perception of indirect taxes by its payers is the complexity of the mechanism of its accounting and reporting, which leads to misunderstanding or misunderstanding of the economic nature of these taxes. There is a need for constant outreach among taxpayers, training and retraining of tax officials, ensuring and protecting the rights of taxpayers and a gradual transition from the application of enhanced and strict tax control to the ideology of partnerships with taxpayers with positive changes in economic development – institutional environment.

Based on the study, it should be noted that the development of small business is of increasing importance in filling the country's budget. However, this category of entrepreneurs experiences the greatest tax burden and pressure. The current situation in agriculture indicates the shortcomings and insufficient efficiency of the tax system, which requires scientific and methodological support for a consistent and stable tax policy for this category of taxpayers, the use of tax incentives for small businesses, improving the simplified system of small business taxation.

5. Accounting for small businesses in the agricultural sector

Addressing the issue of organization of accounting by small businesses in the context of European integration, it is necessary to outline the scope of the feasibility of changes in the accounting system.

The international regulatory standard that defines the accounting aspects of small and medium-sized enterprises is the International Financial Reporting Standard for Small and Medium-sized Enterprises (IFRS for SMEs, 2021). However, the approach to its application in different countries of the European Union is different, due to the difference in the criteria for classifying an enterprise as a small business entity. The standard is not mandatory even in countries that comply with international financial reporting standards, although it is adapted to the needs of a certain category of business entities.

Researchers note that the use of IFRS for SMEs may be essential for Ukrainian businesses that have decided to voluntarily prepare financial statements based on the requirements of international standards. One of the priorities of the European Union's economic policy is to reduce the regulatory burden on SMEs, including reducing their costs for preparing, presenting and publishing financial statements, which should be facilitated by the application of IFRS for SMEs (Nebiltsova, Korol, 2015). However, this standard is based on the principles of a "complete set" of international financial reporting standards, provides for the formation of a complete package of forms of financial statements. This document is quite voluminous, contains 35 sections. Its use requires an appropriate level of knowledge in the field of accounting and taxation – and we are talking about simplification for small businesses. At the same time, we do not reduce the role of primary accounting and accounting registers, which are the initial data for the formation of indicators of financial and tax reporting.

Note that the Law of Ukraine "On Accounting and Financial Reporting in Ukraine" (On Accounting) for micro and small enterprises, in addition to those required to prepare financial statements in accordance with international standards, sets abbreviated financial statements as part of the balance sheet and statement of financial performance, the procedure for which is governed by the Regulation (standard) of accounting 25 "Simplified financial statements". For the formation of abbreviated reporting, certain criteria are defined, at least two of which must be met:

- micro-enterprises: book value of assets – up to 350 thousand euros; net in-come from sales of products (goods, works, services) – up to 700 thousand euros; average number of employees – up to 10 people;
- small businesses: book value of assets – up to 4 million euros; net income from sales of products (goods, works, services) – up to 8 million euros; average number of employees – up to 50 people.

At the same time, micro-enterprises include enterprises that keep simplified accounting of income and expenses in accordance with tax legislation.

Table 5

Approved forms of accounting in Ukraine

| Name of methodical recommendations | Approved | Forms of accounting | Recommended for use |
|---|------------------------------|---------------------|--|
| Methodical recommendations on the organization and maintenance of accounting in peasant (farmer) farms | Order of 02.07.2001 № 189 | Simple | Peasant (farming) farms without the involvement of employees |
| | | Simplified | Peasant (farming) farms with the involvement of employees |
| Methodical recommendations on the use of accounting registers by small enterprises | Order of 25.06.2003 № 422 | Simple | Small businesses |
| | | Simplified | Small businesses |
| Methodical recommendations on the use of accounting registers by small enterprises | Order dated 15.06.2011 № 720 | Simplified | Small businesses that meet the requirements of Art. 156 TCU |
| Methodical recommendations on the use of accounting registers | Order of 29.12.2000 № 356 | Journal-order | Enterprises and organizations and other legal entities (except banks and budgetary institutions) |
| Methodical recommendations on the use of registers of journal-order form of accounting for agricultural enterprises | Order of 04.06.2009 № 390 | Journal-order | Agricultural enterprises |

Source: (Podolianchuk, 2020)

For accounting generalization of economic activity, natural persons-entrepreneurs keep records in any form in accordance with the Law of Ukraine "On Amendments to the Tax Code of Ukraine on the functioning of the electronic cabinet and simplify the work of natural persons-entrepreneurs" 86786-IX. Thus, in July 2020, the use of the Book of Fr.

Thus, it can be argued that the level of organization of accounting depends on the effectiveness of the entire system of interests of users of financial statements and the functioning of accounting in the enterprise as a whole. A certain problem is the inconsistency in the accounting system of financial and tax accounting for the formation of a harmonized information product.

It is clear that Ukraine is obliged to comply with the agreements under the Association Agreement with the EU. However, it is necessary to harmonize various legislative documents and regulations that determine the order of operation, accounting and reporting of small businesses, including agricultural sector. It is necessary to create organizational and legal conditions, conduct training of entrepreneurs and explanatory work on the priorities of the transition to international accounting standards.

6. Conclusions

In the context of the European integration vector, the issues of improving the domestic model of small business development, accounting and taxation systems should be considered taking into account the national interests of economic development. The fiscal orientation of accounting should be reoriented to the needs of the management system and quality information support of various user groups, including foreign investors. Legislation on accounting and taxation systems, opening and registration of small and micro enterprises needs to be changed. State support for the development of small business should be aimed at creating favorable tax conditions and a clear accounting system. To do this, it is necessary to: provide information and financial support for the process of business organization and the transition to international accounting standards; to organize a system of training of entrepreneurs and retraining of accountants; streamline mechanisms for protecting the rights of small businesses. The state will be able to receive significant benefits from the implementation of these measures in the form of improving the system of tax administration, increasing tax revenues, reducing "shadow transactions" and "tax carousels".

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Uhody pro asotsiatsiyu mizh Ukrainoyu, z odniyeyi storony, ta Yevropeys'kym Soyuzom, Yevropeys'kym spivtovarystvom z atomnoyi enerhiyi i yikhnimy derzhavamy-chlenamy, z inshoyi storony [Association Agreements between Ukraine, of the one part, and the European Union, the European Atomic Energy Community and their Member States, of the other part]. *Ofitsiyniy sait Verkhovnoyi Rady Ukrainy* [Official web site of the Verkhovna Rada of Ukraine]. Available at: https://zakon.rada.gov.ua/laws/show/984_011#Text (accessed September 20, 2021).