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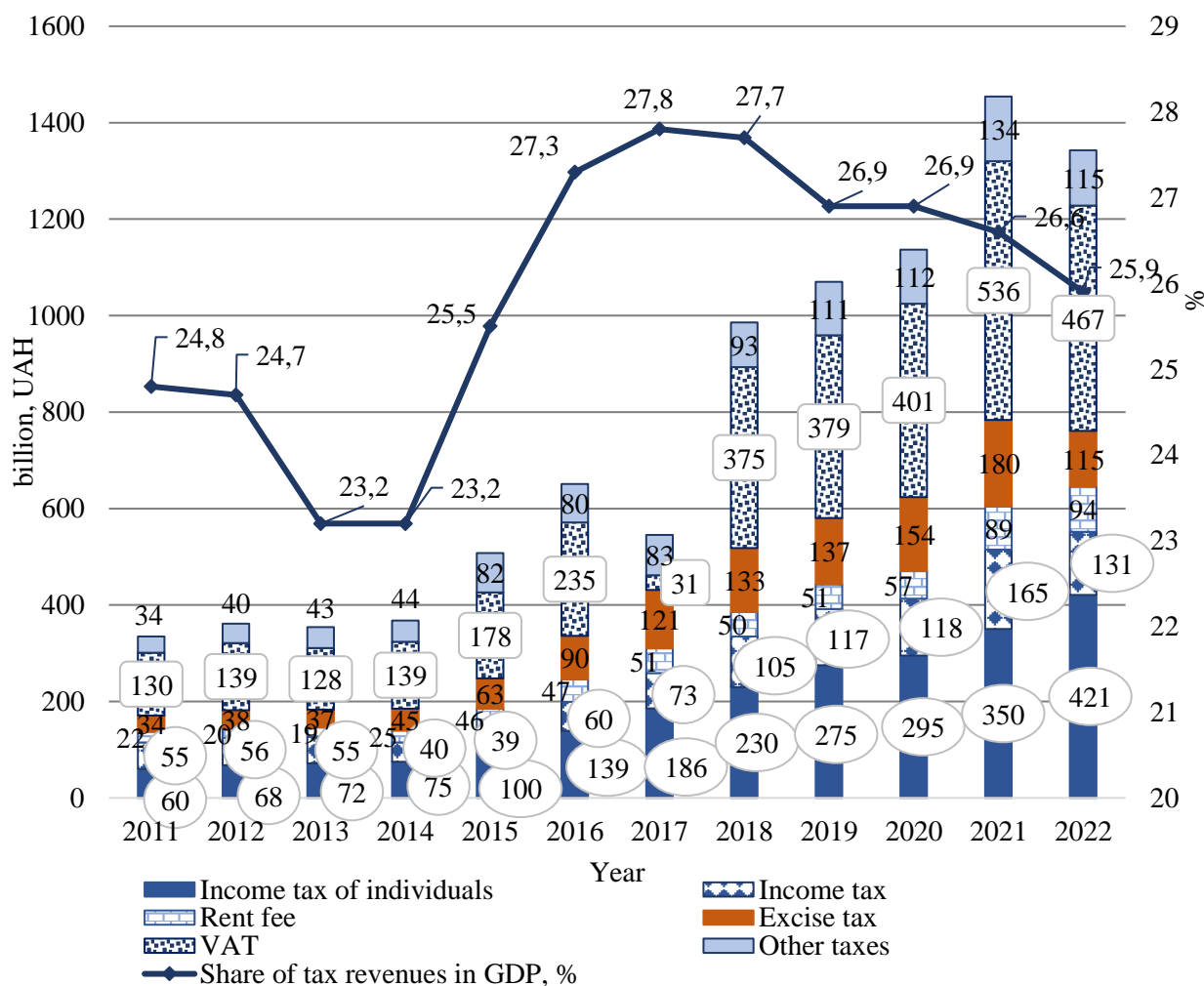
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THE EXCISE TAX ASPECTS UNDER MARTIAL LAW AND ITS IMPLICATIONS ON ACHIEVING SUSTAINABLE DEVELOPMENT GOALS

The dilemma of assessing the moral aspect of raising or lowering excise tax rates has become more acute in Ukraine during the war. On the one hand, the public-private partnership policy directs to stay in the context of business support within the framework of the international program of Sustainable Development Goals, particularly the goal of "partnership for well-being". On the other hand, it is necessary to ensure a sufficient level of fiscalization and regulation for the sake of the state's financial security. Volatility, which is currently observed in most spheres of the economic and financial space, directly affects the achievement of each sustainable development goal. At the same time, the actions of the legislative and executive authorities regarding the prioritization of the declared policies remain important. Separately, it is necessary to detail that the excise tax will be paid directly by the consumer of excise goods. This increases the importance of differentiating excise goods, depending on their priority for the consumer's life. Therefore, one of the critical issues of reforming excise taxation in Ukraine is determining the balance between the performance of fiscal and regulatory functions by excise taxes. It is also worth considering the ability of excise taxes to influence the volume of export/import of goods and limit the consumption of some goods due to an indirect effect on producers. Decrease in demand for goods due to rising prices.

The policy of public-private partnership within the framework of sustainable development goals can be considered through such indicators as change: receipt of excise tax from different groups of goods, production volumes of these groups of goods, and volumes of their consumption. The value of the excise tax to Ukraine's Consolidated Budget for 2011–2022 is visualized in Pic. 1. The war led to the decline of the economy. Accordingly, the tax revenue of the Consolidated Budget in 2022 amounted to UAH 1,343.2 billion, which is 110.6 billion UAH or 7.6% less than in 2021, when the share of tax revenues in GDP decreased to 25.9 %. The forced introduction of tax fields, the zero rate of excise duty, the reduction of the VAT rate on fuel from 20% to 7%, and restrictions on the sale of excise goods also caused damage to tax revenues to the budget.

Excise tax is one of the significant taxes contributing to the formation of the budget. At the same time, the most significant losses in 2022 concerned precisely the excise tax (-47.7% compared to 2021) and customs duties (-36.7%) on imported goods. The main reason was the reduction of import volumes and the burden of tax benefits. This happened against the background that in 2021, state budget revenues from taxpayers amounted to 180.3 billion UAH, or 12.4% of tax revenues and 10.8% of total revenues. Thus, the excise tax was one of the critical sources of budget replenishment, but in 2022, it suffered significant losses. The decrease in share revenues from excise goods produced in Ukraine (-26.7% by 2022 compared to 2021) is explained by the following factors: cessation of fuel production in Ukraine; a reduction in the production of cigarettes due to the occupation/stoppage of the activities of tobacco companies; restrictions on the sale of alcohol due to martial law; establishment of zero/reduced rates of excise duty on

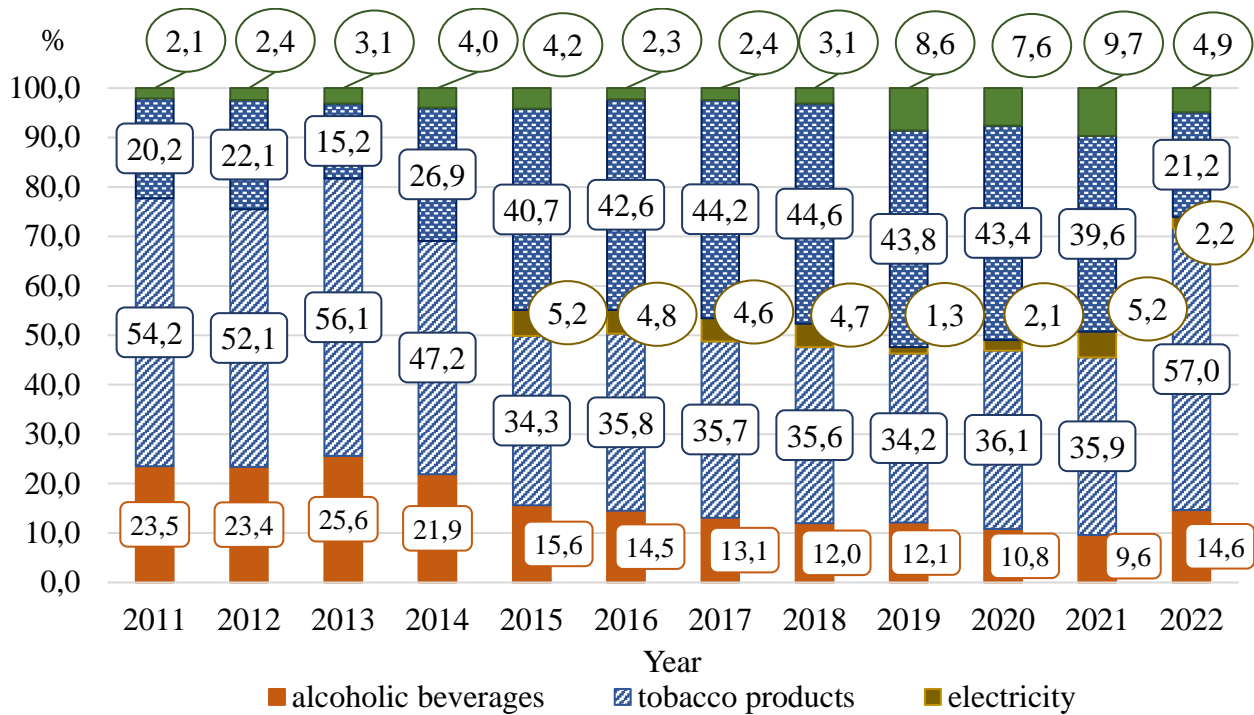


Pic. 1. Tax revenues from excise tax to the Consolidated Budget of Ukraine for 2011-2022.
 Source: compiled by the author based on the data of the State Statistics Service of Ukraine [1].

firewood; a decrease in electricity generation and consumption due to the loss of energy and industry facilities; reduction of consumers of excise goods as a result of hostilities. At the same time, the specific weight of the general excise tax in the structure of tax revenues during the studied period ranged from 13.8% to 10.78% and in the total revenues of the state budget - from 11.5% to 5.73%. This demonstrates the instability of the formation of the structure of the revenue part of the budget after the dependence of its filling on shareholders is sufficient but variable.

There have also been changes in the structure of excise goods (Pic. 2). In addition, in 2022, there was a decrease in the specific weight of excise tax revenues from fuel - to 20.2% from 41.6% in 2021 (revenues decreased by 70.2% by 2021), from other goods - to 4.8 % from 9.7% in 2021 (revenues decreased by 69.5%). At the same time, the share of promotional tax on tobacco products increased - to 56.0% from 36.9% in 2021 (revenues decreased by 7.1% by 2021), on alcoholic beverages - to 13.7% from 9.6% in 2021 (revenues decreased by 13.1%), from electricity - up to 5.2% from 2.2% in 2021 (revenues increased by 41.7%).

Therefore, the state accumulates tax revenues from excise tax payments and uses them to finance social and other essential state programs. At the same time, through the tax tool and the regulatory function, the state can actively influence supply and retail prices, curbing the demand for products that are harmful to health and the environment. As a result, this has a positive effect



Pic. 2. The structure of excise tax revenues by groups of excise goods for 2011–2022, %
Source: compiled by the author based on the data of the Ministry of Finance of Ukraine [2].

on the revenue part of the state budget, i.e., the regulatory and fiscal function of excise taxes is implemented at the same time. This makes it possible to achieve socio-economic effects and replenish the budget, ensuring the state's financial security.

References:

1. Official website of the State Statistics Service of Ukraine. URL: <http://www.ukrstat.gov.ua/> (date of application: 17.01.2024).
2. Performance indicators of the Consolidated and State Budget of Ukraine for 2011-2022. Ministry of Finance of Ukraine. URL: <https://mof.gov.ua/uk/budget-process-projects-declaration> (date of application: 19.01.2024).