

FINANSIJSKI MENADŽMENT PROTOKA NOVCA U UKRAJINI

FINANCIAL MANAGEMENT OF CASH FLOWS IN UKRAINE

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Summary

The article explores the particularities of the cash flow management in Ukraine. Both internal and external cash flows have been analyzed. The internal flows include: deposits from individuals, businesses, budgets, major social funds. The external cash flows are represented by exports from Ukraine. The legislative support for management of financial flows in enterprises of all kinds of ownership, payroll mechanisms, the basic tax deductions and fees are studied in details. Particular attention is paid to the management of revenues and expenditures of state and local budgets. The analysis of the management of these financial flows over the last three years is made.

The role and place of financial control in managing of cash flow is discussed. The mechanism of elimination of disparities in the allocation of resources by industry, as well as by administrative-territorial formations is offered; the national priorities with a view to meeting the needs of differentiated financial resources of sectors and regions are grounded. Some evidence of misuse of funds is given and preventive measures against corruption are put forward. The increase factors for the issuance and sale of products that are produced by certain sectors of the economy, growth factors of profitability, reduction of production and turnover costs, retail sales, its correspondence to the population cash income are substantiated and analyzed.

Basic directions of the budget policy annually developed by the Cabinet of Ministers of Ukraine in agreement with the President of Ukraine that are to be approved by Parliament are analyzed and the reserves of increased revenues to the State budget are studied. The limit public debt and its structure, the proportion of intergovernmental transfers in the State Budget of Ukraine and the equalization factor for local budgets are especially attended to. The reasonable share of capital investment expenditures of the State budget is grounded; the priority direction of their use is developed.

The starting point for the calculation of the budget revenues of all levels and expenditures is the estimation of the budget implementation for the previous years. The predicted expectation of the budget income using economic and mathematical modeling has been done. Actual data on the performance of key budget indicators for the previous periods are used with this purpose; the institutional changes of important and significant impact on the final budget figures are taken into consideration. The institutional changes include: the dynamics of the world markets in major

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financial markets, exchange rate against other currencies, inflation, the dynamics of energy prices, increase in minimum social standards, GDP growth, taking into account changes in output in key sectors of the economy of Ukraine.

Special attention while managing financial flows is paid to the external and internal factors that have a significant impact on these financial flows. A brief description of these factors is given. The distinguishing negative and positive factors are outlined. While characterizing the factors the synergistic approach is used that allows to explore the complex socio-economic systems, which is a social system of Ukraine. The particular attention is paid to the characteristics of such political factors formed by the public management, and in some cases, may be crucial. Evaluation of factors is made in coefficient definition.

Particular attention is paid to cash flows controlled by tax agents. The basic taxes and fees charged by the agencies of the Ministry of Revenues and Duties are given. The main problems in administering of such payments are studied.

The basic principles of tax payments management are discussed: in particular, obligation - using rules on taxes and fees, determined on the basis of the data about the objects of taxation and detection of tax liability of taxpayers for tax violations, equality defined as preventing any manifestations of discrimination, providing an objective approach to the entities in determining the obligations of taxpayers and charges that carry mandatory payments; the only way that must provide the best approach to the development and implementation of tax legislation with the definition of a particular taxpayer, the object of taxation, tax sources, identification of the tax period, tax rates, justification of the grounds for granting benefits to individuals and corporate taxpayers; equivalence and proportionality, which involves collecting the tax from legal entities and individuals in a certain proportion of earned income and the corresponding proportional tax, depending on the amount of revenues, economic feasibility, which involves the establishment of fair taxes and duties with regard to indicators of national economic development, some regions, which is to balance the cash flow of budgets on all income levels; uniformity of payment, which implies the timing of payment taxes and fees for expenditures to fund programs for economic development, administrative and military structures, law enforcement, various social benefits, including low-income, families with children, the disabled, etc.; the competence, which includes installation and adjustment of taxes and duties, and also benefits for businesses and taxpayers identified in the Tax Code by the structures, in particular, by the Parliament of Ukraine, the Supreme Council of the Autonomous Crimean Republic, city, town, village councils; accessibility, providing security, clarity of tax laws for all employees of the Ministry of Revenues and Duties without exceptions, employees of financial institutions of local state administrations, local governments, individuals and corporate taxpayers; social justice, which includes providing social support to the poor using differentiated and progressive income taxation.

Particular attention is paid to the formation and use of cash income taking into account that the shadow economy reaches fifty percent in Ukraine. The cash income and expenditures are compared. Income levels are compared to other countries of the European Union with regard to purchasing power. The minimum wage dynamics in recent years has been presented. It has been grounded that about twenty per cent of Ukraine's population lives below the poverty line, about thirty percent receive wages below the average. The number of "UAH" millionaires and billionaires in Ukraine is shown. The ratio of the UAH to the U.S. dollar and the euro is outlined.

The role of the banking system, including the National Bank of Ukraine and commercial banks to control the rate of the national currency, the cash flows that cross the customs border of Ukraine is discussed. Specific niches, through which funds flow to other states, particularly in the offshore, are investigated.

Particular attention is paid to the cash flows crossing the customs border of Ukraine and the origin of which is income of "labor immigrants" from Ukraine. According to the estimations of experts of



the National Bank of Ukraine and the Ministry of Finance of Ukraine the number of immigrants is more than three million, and legal cash flows in 2012 constituted about ten billion U.S. dollars. Reasonable estimate of the possible proposals of the Ministry of Revenues and Duties on those cash flows taxation is offered. The financial feasibility of cash management that are on deposit accounts of commercial banks in Ukraine in UAH and foreign currency to provide innovative development of Ukraine is investigated. Now the problem of use of these funds is that the average deposit rate on individuals' funds in commercial banks in Ukraine amounted to sixteen per cent per annum, and credit resources of commercial banks for investment projects for economic business entities were within twenty-five percent per year. Suggestions for involvement of individuals investing in regional projects are presented. It has been concluded that the financial management in Ukraine is ineffective and a number of proposals for a legal regulation has been made.

Keywords: cash, experts, regulation, management, tax, flows.