

ABSTRACTS

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THE REFORM OF SINGLE SOCIAL CONTRIBUTION: PROBLEMS AND PROSPECTS

On 1 January 2015 the Law of Ukraine “On amendments to some Ukraine legislative acts with the view of reforming obligatory state social insurance and wage legalization” came into effect. This law was accepted for employment legalization and the fight against a shadow salary. Changing the calculation algorithm of social contribution is a not transparent and has the problems in practical application. As a result of this there are some difficulties in control of calculation and payment at different rates and methods of calculation in the transition period.

The main goal of the article is to study theoretical and practical approaches to the new law amendments and provide recommendations on introducing possible amendments to the regulations, in order to facilitate the practical application of this law.

As a result of the study it is possible to conclude that there are some practical complicated problems:

- absence of a clear and effective mechanism for administration of single social contribution and labor legislation;
- the unstable economic situation in the country, that doesn't allow employers to increase an appropriate level of wages and, accordingly doesn't give the opportunity to use a reduced rate of single social contribution;
- presence of complications that take place during calculating wage costs and single social contribution costs as tax expenses;
- complexity of control over accrued and deducted single social contribution using the applicable sub-account in the chart of accounts.

The results of sociological surveys on the legalization of wages indicate the increasing willingness of the society to solve the problem connected with the shadow wages. A number of measures and recommendations on insurers' actions during the transition period which would promote simplification and transparency of the legalization of shadow wages have been proposed.