

PECULIARITIES OF TAXATION OF PRODUCERS OF SUGAR BEET IN UKRAINE

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Abstract: *The article shows the dynamics of sales of sugar beet farms, determines the reasons of their production decline, in particular, high labor costs, primitive technology of this culture and prejudice of sugar processing enterprises to owners of private farms. A generalized private farms' sales structure of sugar beet is considered. It is determined the price difference for individual products and agricultural enterprises, which is explained the different approaches to VAT. Thus, the producers, that are legally subject to VAT, actually spending the same money on the production and sale of sugar beet, receive much more income because of the difference between "output" and "input" of VAT. The current system of taxation of private farms in the sale of agricultural products is analyzed. Effective measures of state regulation of production and sale of sugar beet households in terms of a price risk are proposed.*

Keywords: *private farms, processing plants, taxation, pricing, sugar beets, raw sugar, VAT, cost.*

JEL Classification: H21, H25

Introduction

In recent years sugar beet industry is in a serious condition, including sugar production in some years not even reached the level of domestic consumption. The main problems of development of sugar beet production in Ukraine are: lack of working capital, high cost of production of sugar beet and sugar, the lack of concessional lending, inefficient regulation of the sugar market, a significant decrease in acreage under sugar beet, the reduction of the logistics of sugar beet farms and sugar factories.

However, the search for effective models of taxation of private farms lies precisely in the sphere of commodity production, i.e. in the part of financial and economic activities associated with the turnover in the field of direct sales of sugar beet and the use of mediation schemes and economic relations with processing companies. Analysis of the problems of sugar beet processing under a tolling agreement requires consideration of the question concerning the taxation of income from this activity. It justifies urgency of development of scientific bases of tax system development in relation to the sugar beet industry, which would fully ensure implementation of the functions of taxes and contributed to the balanced development of sugar beet production in Ukraine.

Analysis of recent researches and publications. In the current reality, in our country the study of private households Y. Akchurina, I. Balanyuk, P. Berezivskiy, O. Bitter, O. Demyanchuk, T. Dudar, V. Zbarskiy, F. Zinoviev, A. Danilenko, O. Komlichenko, D. Krysanov, G. Kupalova, V. Lupchuk, L. Lipuch, M. Malik, V. Mesel-Veselyak, L. Mikhailova, O. Onishchenko, I. Prokopa, P. Sabluk, G. Cherevko, L. Shepotko, V. Shiyan, O. Shpuchak, V. Yurchishin and others paid attention to this problem. Their works are important and are the basis of modern economic views on the problems of development and functioning of personal peasant farms, including the cultivation and sale of sugar beet.

The aim of the article is to analyze the existing system of taxation of private farms engaged in cultivation of sugar beet, as well as justification of proposals for the ordering of the elements of pricing and taxation of individual farms and agricultural enterprises in case of barter transactions and product sales to processing enterprises.

Presenting main material. Recently, Ukraine has seen a dramatic decline in crop sugar beet. Following 2015, the area under sugar beet showed a record minimum - about 240 thousand ha and

prevented another overproduction of sugar. As a result, sugar beet growers increased profitability to 26.9% in 2015 vs. 18% in 2014. Selling price of sugar nearly doubled during 2015, grown up from 7.5 thousand. UAH to a record high of 14 thousand UAH [1]. It is important that Ukraine sugar beet production is gradually moving to larger farmers. Thus, a quarter of sowing crops in 2016 owned farms "Astarte" and "UPI-Agro" specializing in the production of sugar. Holdings have more opportunities to produce sugar and sugar beet with minimal cost, especially with park special machinery for sugar beet growing from seed drills for combines and implement energy-saving technologies in processing facilities.

Understandable that from 2005 there was a gradual decline in sales households sugar beet processing more than 6 times (fig. 1). According to a survey of holders of the private sector, 93,2% of them consider it inappropriate to grow sugar beets. The main reason is price discrimination for the detailed info on this product.

Reasons for the decline in sugar beet production in households are high costs of labor and primitive technology of cultivation of this culture, as well as a based attitude of the sugar processing enterprises to owners of private farms. For example, some sugar plants of the Ternopil and Khmelnytsky regions physical contamination sugar beet, dug and cleaned by hand, is 10-12%, when the level of sugar content of 13-14% (the basic sugar content is 16%).

Quality parameters grown in PF sugar beet were much higher than in the agricultural enterprises that are primarily concerned with physical contamination. The average physical contamination of sugar beet grown in the farms of the population, was equal to 3-4%, as private producers carries out all the process of harvesting sugar beets by hand [2].

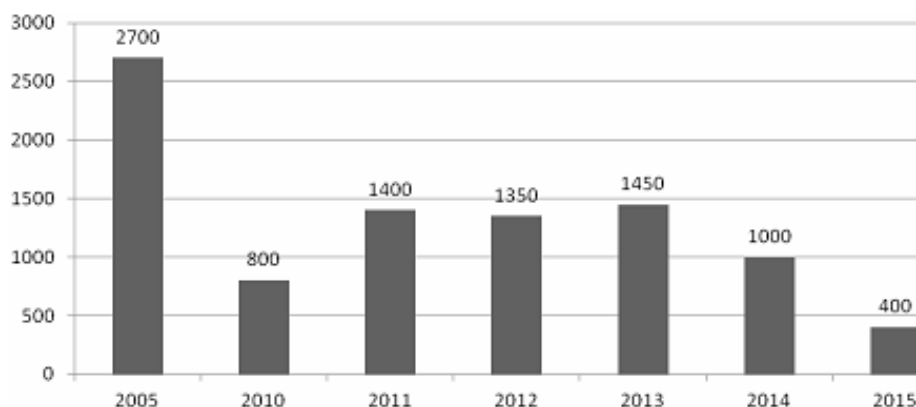


Fig. 1. The dynamics of the realization of sugar beet farms population, ths tons

Source : calculated by the authors.

Private farms of Ukraine the bulk of the grown sugar beet sell to sugar factories in terms of raw material and cash, through authorised persons (fig. 2).

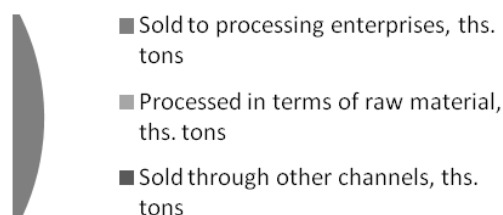


Fig. 2. Implementation structure of sugar beet farms of the population

Source : calculated by the authors.

It should be noted, the presence of significant volumes of sugar beet through trading-intermediary structures, which are in a special VAT. In our view it gives the ability to use schemes to minimize the tax the purchase of agricultural products from individuals, which leads to a significant understatement of receipts of funds in the budget.

With the aim of expanding the areas of sugar-beet due to PF sugar mills provided trade credit in the form of seeds at a price lower than the market, provide mineral fertilizers. In addition, the practice of export of raw materials transport processors, or producers to be reimbursed for transportation costs. However, since 2005 the sugar mills stopped the reimbursement of the expenditure for private households, because they were attributed to the cost of raw materials [3].

However, the main factor that influenced the decline in sugar beet cultivation in private farms, is the decline of commodity prices and different levels of cost of 1 ton of sugar beets for individual farms and agricultural enterprises. In 2015 the price of 1 ton of sugar beet of farms was at 20-22% below the prices of agricultural enterprises [4]. The difference in prices between products of the two entities is quite noticeable. She explained the different approaches regarding VAT.

The purchase of sugar beet and subsequent processing of the legal persons, according to the provisions of the Tax Code (TC) the above transaction for the sale of agricultural products do not have tax credit (input VAT), value added tax in accordance with the provision of the Tax code is charged at full cost and, ultimately, dramatically increasing the price of this product [5].

Specified negative impact on the whole system of workpiece processors creates additional difficulties, leads to a decrease of the workpieces. In this regard, most sugar factories carry out the processing of saharasia in terms of raw material, which gives the opportunity to avoid the so-called "double taxation" of the VAT.

Transfers of raw material to the contractor (processor) and return to the customer, as well as residues of raw materials and waste production are not considered transactions for the sale (realization) of goods, as ownership of raw materials from the customer to the processor does not enter (p. 14.1.202 Tax code - TC). Therefore, the results of the activities they are not affected. Tax consequences the parties will come after the execution of the work under the terms of the agreement, and the calculations for this work.

At the customer's cost is made the processor work is included in the cost of manufactured products in the established order. If products will be sold to third-party entities, the costs should reflect the date of recognition of income from sales in accordance with section 138.4 of the tax code.

Quite often, when as payment for work performed for the processing agreement provides for the transfer of the processor part of finished products, raw materials or waste products. This transfer is not only delivery, but also barter operation (o. 14.1.10 TC). In this case, the income of the customer (the cost of a processor) is calculated on the contract value, but not below (above) from the regular price of commodities and materials (CaM) (p. 153.10 TC). It should be remembered that according to the current rules if the operation does not fall under article 39 TC, normal price should be negotiated.

In such a situation, the customer increases revenue from operating activities the value passed as payment for goods and materials based on the contract price, but not below normal. Income is recognized in the period when the document on the transfer of goods and materials (certificate of completion or invoice).

The costs of the processor are determined by the contract (but not above normal) value of the received goods and materials. For the purposes of taxation expenses are recognized in the period the sale of goods or services, if the received goods and materials used in production and included in cost of the realized goods, works, services (item 138.4 of the tax code); the receipt of goods and materials if they are not included in the cost and are included in other expenses (item 138.5 TC).

Transfers of raw material to the processor and return to the customer, as well as residues of raw materials and waste production are not relevant to the operations of supplying goods (item. 14.1.191 TC), therefore they are not subject to VAT (item 185 of the TC). But this does not apply to the part of raw material and finished products, which goes in payment of the executed works on processing.

Operations for the execution of works on processing of customer-supplied raw materials are subject to VAT in a generally established order. At the processor, such operations are subject to VAT

at the rate of 20% in accordance with section 185.1 of the tax code. Because a taxable entity is an individual – the owner of a farm, the income of which is subject to taxation by the tax to incomes of physical persons. The Main requirement is the presentation of a certificate from local authorities of the presence of such a land plot (its size and purpose) [6].

Thus, effectively spending the same amount of money on the production and sale of sugar beet farms that are legally the taxpayers will receive much larger profit, because the profit of agricultural enterprises is higher compared to the profit of private households as the difference between "outgoing" and "incoming" VAT. Because of the imperfection of the procedure of payment of raw sugar private farms are forced to rely on shady schemes, that is, to implement the sweet roots are not in direct relations with the processing enterprises, and indirectly, through front legal entities with the purpose of at least partial increase of income in which the object of VAT taxation is the margin. It should be noted that sugar beet production in households due to the increasing complexity of socio-economic condition of domestic agriculture, has forced and is unpromising: through the excessively high cost of manual labor, simplified manufacturing technology, etc.

Given the possibility of long storage of sugar and stable demand is a product that can be a means of accumulating funds of the owner of PF, the purchasing power which is not reduced even under the influence of inflationary processes.

As evidenced by the results of the survey, 83% of owners of PF grown sugar beet with the purpose of further realization of sugar; 17% for their own consumption, 95% – sell sugar trade-intermediary structures, 5% independently on the market. If we consider the generalized structure of the sales of sugar by private producers, 23% sugar are implementing in the autumn, 12% in winter and 65% in the spring and summer months.

However, in further implementations can be some tax complications, as the owner of the personal farm of the seller and the buyer – a legal entity.

In particular, in this case, sugar is a product of industrial processing, which makes its owner – a physical person to take advantage of the law of Ukraine "On personal peasant farm" and the Tax code, the entitlement to benefits for the payment of income tax of physical persons [4; 7].

A legal person will have relevant complications in their dealings with defaulters of the VAT – the owner of a farm. Private producers and in this situation feels the pressure of tax legislation. It is not a VAT payer, so can't sell sugar for sold sugar beet is a major trading intermediary entities – VAT payers that adhere to the requirements of the current legislation [8]. Households are forced to sell sugar beets for below the minimum wage legislation, price trade-intermediary structures, which work on the simplified system of taxation. This circumstance leads to the formation of the shadow market of agricultural products, particularly sugar market [9]. The owners of private farms were forced to implement in 2015 to the entrepreneurs of sugar at a price that 12-15% below wholesale selling price of sugar mills, which led to a decrease in the efficiency of sugar production in personal peasant farms.

Obviously, the sugar-beet industry sustainable development can only be subject to basic principles of the price of the product, the level should be sufficient for cost recovery and obtaining at least minimum income. How to convince calculations, the wholesale price of sugar beet and sugar could not offset the rapid increase in the cost of production of these products (table 1).

This data suggests that the economic efficiency of sugar beet growing and processing in Ukraine has a colorful character that is associated with a number of objective and subjective reasons. Recent years have seen the growth of profitability of sugar beet, but it is a strengthening of unprofitable refineries mainly due to the sharp rise in energy prices.

However, the introduction of a mechanism of minimum prices for sugar beet contributed to increasing the economic attractiveness of sugar beet, but to a lesser extent this mechanism affected the sugar industry because of its high energy and material consumption.

Ukraine showed growth in profitability of sugar beet production in 2016, thanks to projected global sugar deficit in 2017 farmers actively sow this crop fields.

Another positive factor for manufacturers: Ukraine transitional sugar stocks dropped to a minimum. According to the data of "Economic discussion club" transition remains of sugar on the basis of 2015/16 marketing year are forecast at 288 thousand t.

Table 1. The effectiveness of the implementation of sugar beet and sugar and comparison prices of these products in Ukraine

Period	Sugar beet			Sugar		The ratio between the selling price beet and wholesale price of 1 ton of sugar
	price realization 1 t rubles	the cost of sugar beet, rubles / t	level profitability, %	wholesale the price of 1 ton, rub. (tsukro-factories)	level profitability %	
2000	121,5	114,8	5,8	1701,5	5,5	1:14,9
2001	139,1	137,0	1,5	1973	0,3	1:14,4
2002	125,4	137,3	-8,6	1897,0	-3,1	1:15,1
2003	139,3	131,2	6,2	1943,0	1,6	1:13,9
2004	135,7	136,8	-0,8	2008,4	3,4	1:14,8
2005	177	168,4	4,8	2354,8	5,1	1:13,3
2006	186	155,4	11,1	2664	2,4	1:14,3
2007	160,0	179,9	-11,1	2319,1	-2,5	1:14,5
2008	224,0	209,2	7,1	2451,7	-2,0	1:10,9
2009	418,1	305,2	37,0	3816	2,3	1:9,1
2010	487,3	417,6	16,7	5717,3	3,2	1:11,7
2011	519,2	380,4	36,5	6019,1	-3,0	1:11,6
2012	440,0	387,2	15,7	4643,7	-15,0	1:10,5
2013	397,8	387,7	2,7	4698,5	8,7	1:11,8
2014	494,2	406,0	17,8	6721,1	13,4	1:13,6
2015	788,6	575,8	26,9	9633	-4,5	1:12,2
2016	848,6	675,4	20,4	11105,1	-20,0*	1:13,!

Source: calculations according to the State Statistics Service of Ukraine.

* Projections.

We believe that the shortage of sugar in Ukraine is hardly possible because insolvent consumers reduced consumption and increased farmers crops. But count on low prices is not worth it. Cabinet of Ministers of Ukraine has planned a price increase for 2016/17 marketing year, the minimum price for sugar beet increased by 40.7%. Simultaneously, under the deregulation of the Ministry of Agrarian Policy and Food of Ukraine has developed a draft law "On ceasing to be invalid some laws of Ukraine on state regulation of sugar production and sales", which proposed to abolish price controls on sugar beet and sugar by setting their minimum level and restrictions on the supply of sugar producers on the domestic market. Adds optimistic prospects for sugar exports to Asian markets [1].

This indicates that sugar producers do not lose. Producers are not implemented sugar at a low price in the domestic market in 2016 is likely to make a great success of it in 2017.

Due to the situation that the minimum price is not profitable for the production form, so that now there is a discussion about what "minimum price for sugar should be determined based on the wholesale price according to supply and demand in the market which operating on the domestic market, the average for the month of November of the marketing year[10–12].

We believe that in addition to this, the low impact of minimum prices for sugar beet and sugar to improve the efficiency of sugar beet production caused by the fact that it is necessary to change the approach to calculating regulatory costs. Thus, according to the Procedure the minimum price for sugar beets has been determined by the regulatory cost of production of 1 ton of sugar beets with appropriate productivity and minimal income and value added tax. However, regulatory costs are calculated as the average of the industry, which is identical to the economic nature of regulatory costs, and that, consequently, causes no reasonable definition of regulatory costs.

In order to this approach would be lost main purpose of the use of minimum prices, namely ensuring the economic attractiveness of the industry that will be the motivating factor for producers in terms of production of sugar beet and sugar. The provement of this is that the wholesale price in the

period November-February low, even below production cost. Thus producers in the absence of profit are not able to step up the production process and lead expanded reproduction. If you do not change the situation, the sugar beet industry can be lost completely, despite the fact that the global price much lower sugar prices in the domestic market and leverage domestic market protection is not used properly. To make the minimum price in the market triggered should provide penalties of 20% of the batch of sugar as the seller and the buyer, as well as complement, the mechanism of regulation of the sugar market trade intervention and strict control on import to Ukraine of raw cane sugar and other sugars.

It is known in local conditions, that one of the instruments of state regulation of the sugar-beet industry is to establish minimum prices for sugar beet and sugar. Thus, the Cabinet of Ministers approved a draft decree "On state regulation of sugar and sugar beet" in the new marketing year, which runs from September 1, 2017 to September 1, 2018, which provides setting of minimum price for white sugar in the amount of 9172.57 UAH per ton, and for sugar beets - 633.10 USD per ton (excluding VAT) [13].

So, it is assumed that refineries will be calculated by the sweet roots at a price not below 633.19 UAH / t including VAT and sugar to realize not below 9,17 thousand UAH / t. If the owner sells sugar at prices below the minimum price specified, it must pay a fine of double to the value of sugar.

Note that the minimum price for sugar beet is established for farms, including VAT, and for private households - excluding VAT. So arbitrarily created unequal conditions for beet seeds farms subject to VAT, and are not registered as such. Households for purchased inputs received and services required in the process of growing beet, almost equal pay beet farms with price including VAT. However, they have no documentary evidence of the amount of tax as part of the price of purchased goods (received services), which is a problem of accounting, rather than actual costs. The consequence of this situation is to reduce interest in the cultivation of sugar beet farms.

Author scientists agree that the production of sugar beet farms - is forced and hopeless phenomenon caused by complications of socio-economic situation in the agricultural sector. These conditions help prevent householdstoreduce production of raw materials for sugar factories, and they supplied for processing sugar beet better quality. It is obvious that the discriminatory economic conditions for sugar beet growers in households not justified and would lead to a significant reduction of sugar beet and potatoes, increasing imports and deepen the economic and social problems in rural areas.

Elimination of private farms growing sugar beet will lead to the decreasing in domestic sugar production, although the current time is not significant amounts to 2-3%, while in previous years the share private farms in the production of sugar beets exceeded 20% [11]. However, given the favorable external environment of the world sugar market and not the full use of processing capacity of sugar factories advisable to make full use of the possibilities of private farms producing sugar beets. Existing elements of pricing mechanisms and tax would be economically feasible, provided that the processors fully satisfy raw materials due to large specialized farms.

These problems of sugar beet private farms will be solved with the installation of a single value of minimum prices for sugar beet - regardless of the origin of agricultural commodity-raw deliverer of the VAT payers. However, the proposed measures may lead to a decrease in revenue, but is now considered appropriate. First "donation" of the budget of sugar beet farms are economically unfounded and biased, due to the imperfection of the accounting system, in particular the lack of fixing the "input" VAT. In this manner pay personal sugar beet farms have to sell their produce to sugar factories are not in direct channels and via intermediaries, in order to at least partially received increasing revenues. State must determine that it is cheaper, or lose all sugar and without income least 16 mln. UAH of budget revenues through tax revenues or decrease by only 3.5 mln. UAH for compensation to sugar factories pay an additional amount of sugar beet delivered personal peasant holdings to a level for agricultural enterprises – VAT [5](VAT amounts per 1 ton of sugar beets shown in fig. 3).

1. Manufacturer and shuffler of raw materials – agricultural enterprises – for VAT (In terms of return pre-existing mechanism of VAT). Since 2017, agricultural producers will pay VAT on general grounds (the rate of VAT on agricultural products – 20% and the minimum price applicable from 1 September 2017).

<i>Sugar beet agricultural enterprise</i>		<i>Sugar plant</i>		<i>Retail trade</i>
<i>Minimum Price sugar beets</i> VAT – 760.68 UAH / t excluding VAT – 633.19 UAH / t (VAT – 127.49 UAH / t)		<i>The minimum price of sugar</i> VAT – 11,007.08 UAH / t excluding VAT – 9172.57 UAH / t (VAT – 1835.23 UAH / t)		<i>Selling price</i> VAT – 15600 UAH / t without VAT – 12 528 UAH / t (VAT – 3072 UAH / t)
<i>Number raw materials</i> 1t	1 t	<i>Number of received and realized</i> 0.12 tonnes of sugar	0,12 t**	<i>Number implemented sugar</i> – 0.12 t
<i>Proceeds from sales 1 tonne of beet</i> – 760.68 UAH including: excluding VAT – 633.19 UAH VAT – 127.49 UAH	sugar beets	<i>Proceeds from sales sugar</i> – 1320.85 UAH including: excluding VAT – 1100.71 UAH VAT – 220.14 UAH	sugar	<i>Proceeds from implementation</i> – 1872 UAH including: excluded – 1497.6 UAH VAT – 374.4 UAH
left 14,49UAH (127,49 – 113,00*)		listed 92,65UAH (220,14 – 127,49)		listed 154,26 UAH (374,40 – 220,14)
National budget 246.91UAH (92.65 + 154.26)				

* 113,00 USD – the VAT inlet for companies purchasing used in the composition of inputs per 1 ton of cash

2. *The manufacturer and shuffler of raw materials - a private farm - non-VAT*

<i>Private peasant household</i>		<i>Sugar plant</i>		<i>Retail trade</i>
<i>Minimum Price sugar beets</i> – 633.19 UAH / t (VAT – 0 UAH / t)		<i>The minimum price of sugar</i> VAT – 11,007.08 UAH / t without VAT – 9172.57 UAH / t (VAT – 1835.23 UAH / t)		<i>Selling price</i> VAT – 15600 UAH / t without VAT – 12 528 UAH / t (VAT – 3072 UAH / t)
<i>Number raw materials</i> 1t	1 t sugar beets	<i>Number of received and realized</i> 0.12 tonnes of sugar	0,12 t**	<i>Number implemented sugar</i> – 0.12 t
<i>Proceeds from sales 1 tonne of beet</i> – 633.19 UAH (VAT – UAH 0)		<i>Proceeds from sales sugar</i> – 284.4 UAH including: without VAT – 1100.71 UAH VAT – 220.14 UAH		<i>Proceeds from implementation</i> – 1872 UAH including: without VAT – 1497.6 UAH VAT – 374.4 UAH
left 0 UAH		listed 220,14UAH (220,14 – 0)		Listed 154,26UAH (374,40 – 220,14)
National budget 374.40UAH (220.14+154.26)				

3. *Offer. Manufacturer and shuffler of raw materials – private farm – non-VAT (equally in terms of the minimum price for sugar beet and operating procedure of VAT)*

<i>Sugar beet household</i>		<i>Sugarplant</i>		<i>Retailtrade</i>
<i>Minimum Pricesugar beets – VAT - 760.68 UAH / t without VAT – 633.19 UAH/t (VAT –127.49 UAH / t)</i>	1 t sugar beets	<i>The minimum price of sugar VAT – 11,007.08 UAH / t without VAT – 9172.57 UAH/t (VAT – 1835.23 UAH / t)</i>	0,12 t** sugar	<i>Selling price VAT - 15600 UAH / t without VAT - 12 528 UAH/t (VAT - 3072 UAH / t)</i>
<i>Number raw materials 1t</i>		<i>Number of received and realized 0.12 tonnes of sugar</i>		<i>Number implemented sugar - 0.12 t</i>
<i>Proceeds from sales 1 t of beet – 760.68 UAH including: without VAT 633.19 (VAT –127.49 UAH)</i>		<i>Proceeds from sales sugar – 1320.85 UAH including: without VAT – 1100.71 UAH VAT – 220.14 UAH</i>		<i>Proceeds from implementation - 1872 UAH including: without VAT – 1497.6 UAH VAT – 374.4 UAH</i>
		Listed 92,65 UAH (220,14 – 127,49)		Listed 154,26 UAH (374,40 – 220,14)
National budget 374.40 UAH (127.49+92.65+154.26)				

Fig. 3. The order and the amount of calculation and payment of VAT to the state budget

** Output of sugar accepted 12%.
Source : calculated by the authors.

According to calculations carried out (Fig. 3), we considered various options for charging VAT mechanism in the implementation of sugar beet processing plants. Thus, the first option, in terms of return pre-existing VAT mechanism that involved the accumulation of his agricultural enterprise, the state budget will be transferred to UAH 246.91 per 1 ton of raw sugar that at 127.49 UAH / ton less than the 2017 operating conditions.

We believe that in the present circumstances, when Ukraine becomes sugar-beet industry attributes the growth would be appropriate to keep the preliminary operating mechanism of VAT that would stimulate farmers to the cultivation of sugar beet.

In case if the raw materials seller is non-VAT, the contributions to the state budget will amount to 374.40 UAH / t. Obviously, in order to motivate farms growing sugar beet should include a comprehensive system of incentives for their activities, including through the VAT refund.

Prices for sugar beets are crucial for sugar prices as the share of raw material costs in the cost of sugar in Ukraine is 65% in the retail price of sugar VAT – 40% (the cost of processing and profit sugar factories - 30% of the costs and benefits of trade – 10% VAT – 20%).

The price situation on the domestic sugar market heavily influences the world market, due primarily distinct of cyclical price fluctuations on the world sugar market, and this leads to unexpected and significant changes in the implementation of foreign trade operations. Also, consumer properties of the sugar suitable for speculation market transactions, as this product can be stored for a long time. Note that this makes it possible to form a transitional stocks of sugar, which affect the size and direction of price changes.

In recent years the world market sugar price reduction observed record: quintal sugar was sold at a price below 20 euros. It should be noted that after the Second World War, the world sugar market has been stabilized, and then could trace the precise series of conditions. They emerged that the continuous growth of the world consumption of sugar in the deficit situation was at a high price, which ultimately stimulate production. Later sugar became higher growth rate compared to consumption, which led to lower prices.

According to the results of the research, given the current state of sugar-beet industry in the implementation of pricing policies should not use some price controls, and a comprehensive system of

economic measures direct and indirect effects that would be based on the relevant legal norms and organizational procedures, public support producers and moderate protectionism that would create conditions for a balanced market. This is particularly important for the underdeveloped market infrastructure, unavailability of information about the market situation and the actions of other factors that cause difficulties in sales.

In a situation when the country is continuously declining gross production of sugar beet, and there is a need to import sugar even for their own needs, it is necessary to realize that private farms of the population provide more than a quarter of gross yield of root crops [14]. Despite this, existing elements of the state regulation of the sales of sugar beet under current conditions are unacceptable, especially deficiencies of the pricing system. Considering the problems of sugar beet private farms will be solved subject to the establishment of uniform minimum prices for sugar beet [15].

Conclusions. It is proved that the condition of the sugar-beet industry has changed significantly since the end of the twentieth century, so the current practice of taxation of producers of sugar beets requires some improvement, particularly on its gradual approach to common standards. Expedient is the introduction of a differentiated approach to the taxation of certain categories of producers of sugar beet and coordination of tax incentives with the state priorities of development of the sugar industry.

We emphasize that in the case of the establishment of common for all categories of farms the level of minimum prices for sugar beet processing plants will be forced under the current tax system to take on the additional costs associated with equal pay for the raw materials. We believe that it is necessary to change the principles of taxation of sugar in his realization of sugar mills is to introduce a reduction in the amount of VAT on sugar to raise prices of sugar beet for deliverers – private farms.

So, in domestic practice the minimum price for sugar beet has been established for farms, including VAT, and for private households - excluding VAT formation of sugar beet unequal conditions for enterprises that are subject to VAT, and are not registered in such way. For purchased inputs and services required for growing beet farms almost equal pay sugar beet farms with price including VAT. However, they have no documentary evidence of the amount of tax as a part of the price of purchased goods (received services), which is a problem of accounting, rather than actual costs. The consequence of this situation is to reduce interest in the cultivation of sugar beet farms. The proposed measures may lead to a decrease in revenue, but in the present circumstances are appropriate.

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