

Tax Increase in Ukraine: There is an Alternative – Optimization of Government Expenditures – Denys Kostrzhevskiy

KYIV, UKRAINE, August 1, 2024

[/EINPresswire.com/](https://EINPresswire.com/) -- On July 18, 2024, the Ukrainian Parliament registered government bill No. 11416, which proposes the actual introduction of new taxes, raising the rates of existing taxes, and expanding the objects and base of taxation. According to government calculations, these changes will allow increasing state budget revenues by 140 billion hryvnias this year, which are urgently needed to finance the Armed Forces of Ukraine.



Denys Kostrzhevskiy

“As an entrepreneur who has paid taxes all my life and voluntarily filed tax returns for the past 28 years, and in 2023 alone paid over 3.5 million hryvnias in taxes, of which more than 400 thousand hryvnias were military tax, I consider it necessary to express my opinion on this important issue. There is no doubt that ensuring sufficient funding for the Armed Forces is an extremely important and urgent task. But it can be solved in different ways, and it is not necessary to increase taxes, ultimately destroying the economy,” says the Chairman of the Board of Directors of Kyiv International Airport, Denys Kostrzhevskiy.

The Need to Analyze Government Expenditures

Before increasing the tax burden on citizens and businesses, it is worth finding out how much taxpayer money is spent on maintaining the government apparatus, various officials, and so-called “law enforcement officers” and fiscal agents, whose functions mostly boil down to endless inspections of Ukrainian businesses, which are already barely surviving. All these state and controlling structures have offices, service cars, and secretaries, large salaries, bonuses, vacation pay, and overtime. And their maintenance creates an unbearable burden on the state budget.

As of the beginning of 2024, the number of working civil servants was 159,904 people, and we also have about 120 thousand police officers. If we add judges, prosecutors, tax officials,

employees of anti-corruption bodies, the Antimonopoly Committee, financial services regulators, and other officials, we get an army of over 500 thousand people. The maintenance of which costs taxpayers hundreds of billions of hryvnias. And these expenses need to be reviewed.

“My proposal is simple. Instead of raising taxes, reduce the number of government administrative staff by 90%, including all inspecting and controlling bodies. This will not only save significant funds but also solve the mobilization problem by providing additional mobilization resources,” says Denys Kostrzhevskyi.

Tax Reform: Protecting Business, Not Strangling It

Instead of raising taxes on business, it is worth focusing on optimizing and simplifying the tax system. Business is the backbone of the state’s economy, and it should be protected and supported, not endangered by additional financial burdens. The tax and fee system should support domestic producers, stimulate the development of production, and increase investments.

Taxing should primarily target consumption, not production or business. Ukraine has the lowest personal income taxes in Europe, and they are not fully paid. Personal income taxes should become the financial foundation of the economy. And the necessity to pay these taxes should be non-negotiable for every citizen.

“It is necessary to develop a system of gradually increasing the personal income tax rate to a level close to, but slightly lower than the average European level. This will ensure the stability of tax revenues without killing the incentive to develop business,” he believes.

In addition, it is urgently necessary to analyze the compliance of income and expenses of all existing and retired officials, law enforcement officers, civil servants, entrepreneurs, and businessmen. And this should be done using artificial intelligence to avoid corruption risks.

“Simply put, we need to tour the suburbs of Kyiv and other cities in Ukraine, walk through elite residential complexes, and ask the owners of each estate and apartment about the sources of their income and the taxes paid. Before that, we can provide a one-month term for voluntary declaration. I am confident that in this way the issue of additional funding for the Armed Forces will be resolved within 10 days,” says Denys Kostrzhevskyi.

Alternative Sources of Funding

It is also important to pay attention to the proposals of the Federation of Employers of Ukraine regarding alternative sources of funding. In particular, the legalization of the economy, especially in sectors such as the gambling business, the alcohol and tobacco market, and the labor market, can become an important source of additional revenues to the budget. This logically coincides with the need for greater control over the incomes of individuals, especially those who lead a luxurious lifestyle.

Conclusions

Raising taxes is an extreme measure that should be taken only after a comprehensive analysis and optimization of government expenditures. The Ukrainian economy should be supported through effective management of existing resources, not through increased tax pressure on businesses and citizens.

“Proposals to legalize the economy and introduce new taxes should be carefully weighed to avoid a decline in economic activity and support the development of the state,” Kostrzhevskyi is convinced.

Denys Kostrzhevskyi

Press Office

[email us here](#)

This press release can be viewed online at: <https://www.einpresswire.com/article/732259535>

EIN Presswire's priority is source transparency. We do not allow opaque clients, and our editors try to be careful about weeding out false and misleading content. As a user, if you see something we have missed, please do bring it to our attention. Your help is welcome. EIN Presswire, Everyone's Internet News Presswire™, tries to define some of the boundaries that are reasonable in today's world. Please see our Editorial Guidelines for more information.

© 1995-2024 Newsmatics Inc. All Right Reserved.