**Ukraine: 2024 Tax Compliance Cost Survey**

**Report on Results of a Survey**

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## Executive Summary

1. **The Ukraine Taxpayer Compliance Cost Survey (TCCS) provides a snapshot of taxpayers’ experience filing and paying taxes and estimates of the cost of taxpayers’ compliance with State Tax Service (STS) administrative requirements and procedures related to tax accounting, including filing and paying taxes, working with tax inspectors, and filing appeals.** The survey methodology is based on the standardized taxpayer compliance cost survey methodology developed by the World Bank.[[1]](#footnote-2) The survey results provide a baseline against which future STS modernization efforts can be measured.
2. **The survey was web-based, targeting all active taxpayers registered with STS**. 3,169 taxpayers responded to the survey. 85.1 percent of respondents were business owners, 74.1 percent were sole proprietors, and 25.9 percent were representatives of legal entities. 60.2 percent of businesses have no employees, 37.2 percent employ up to 50 people, and 2.6 percent have over 50 employees. 90 percent of businesses were in the service sector, 6.02 percent were in industry and 3.71 percent in agriculture. Survey responses came from all regions of Ukraine, except Crimea region.
3. **Ukrainian businesses spent on average 74.4 days per year to comply with tax obligations**. The time cost of tax compliance varies by size of business: businesses with no employees spent about 26 working days per year, while businesses with more than 50 employes spent 400 working days.
4. **Respondents report that the most time-consuming part of tax compliance was tax accounting office work.** Thisaccounted for almost 45 percent of total time for an average business (Figure 1). Larger businesses tend to spend more time on tax accounting work than smaller businesses. Submission of tax documents imposed a significant cost on businesses regardless of size despite use of electronic services.

|  |  |
| --- | --- |
| **Figure 1. Structure of time spent on complying with tax administration requirement requirements** | |
|  |  |

1. **The tax compliance cost in monetary terms averaged over UAH 100 thousand per year**. For smaller businesses with turnover below UAH 1 million, the cost was over UAH 31 thousand or at least 3 percent of turnover. The tax compliance cost for large businesses was almost UAH 900 thousand representing at most 1 percent of turnover.
2. **Responses suggest that tax inspections focused on larger taxpayers**. While 13.8 percent of businesses reported that they had been the subject of a tax inspection, 40.1 percent of businesses with more than 50 employees reported that they had been inspected. The average duration of tax inspections was just 6.2 hours.
3. **Responses suggest administrative procedures for tax inspections are not always followed, with compliance being weaker in the case of smaller businesses.** Respondents reported that tax inspectors presented official inspection order in just 54.6 percent of cases, and just 33 percent of cases for business with no employees, compared to 81 percent of cases for larger businesses.
4. **Taxpayers were satisfied with politeness of STS staff and remote interactions (including e-services) but found that STS staff were sometimes unavailable to help or their assistance was not considered effective**. Politeness of staff was rated positively by 63 percent of respondents and remote interaction with tax authorities was rated positively by 58.8 percent of respondents. Almost 36 percent of respondents rated STS staff readiness to help as bad or very bad (see Figure 2). The overall effectiveness of tax inspectors’ work received mixed feedback, with 41.8 percent rating effectiveness positively, 31 percent negatively, and 24.6 percent unsure or refusing to answer.

A graph of different colored bars

Description automatically generated**Figure 2. Satisfaction with performance of the STS**

1. **Close to 75 percent of businesses submitted tax reports electronically using the Electronic Office, but the taxpayers complained about user friendliness and technical glitches.** Over 20 percent of respondents complained about the quality and timeliness of STS electronic messaging. 17.1 percent of respondents noted that the electronic office did not save completed forms, and 15.2 percent had issues when obtaining online certificates (Figure 3).

**Figure 3. Problems business faced while filing for taxes in electronic form**

A screenshot of a computer

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1. **Respondents reported that businesses similar to their own did not declare a significant share of revenues and wages for tax purposes.** Survey respondents estimated that businesses similar to their own declared only 61.1 percent of actual annual revenue and 52.2 percent of wages for tax purposes.
2. **Responses reveal that Russia’s invasion of Ukraine has had a devastating impact on business activities.** One in ten businesses reported that they had relocated their operations and/or employees. In the East of Ukraine almost half of businesses reported that they had relocated. A large proportion of the workforce relocated due to the conflict, particularly in smaller businesses. 42.1 percent of businesses report that they plan to fully return to their original location after the conflict. 46.3 percent of respondents rated their financial and economic position as bad. Small businesses and those with no employees most likely to consider their financial position as bad. Larger businesses were more likely to consider their financial position as satisfactory or good.
3. **The ongoing invasion changed the key obstacles that businesses report from 2021 to 2023, but corruption and complexity in complying with tax legislation remain among key challenges**. Low consumer purchasing power, problems with electricity supply, and instability now top respondents’ “top ten” list of obstacles in 2023, pushing a problem of “corruption in permitting agencies” from the first to fourth place (Figure 4).

**Figure 4. Most serious obstacles to doing business in Ukraine**

A graph with numbers and text

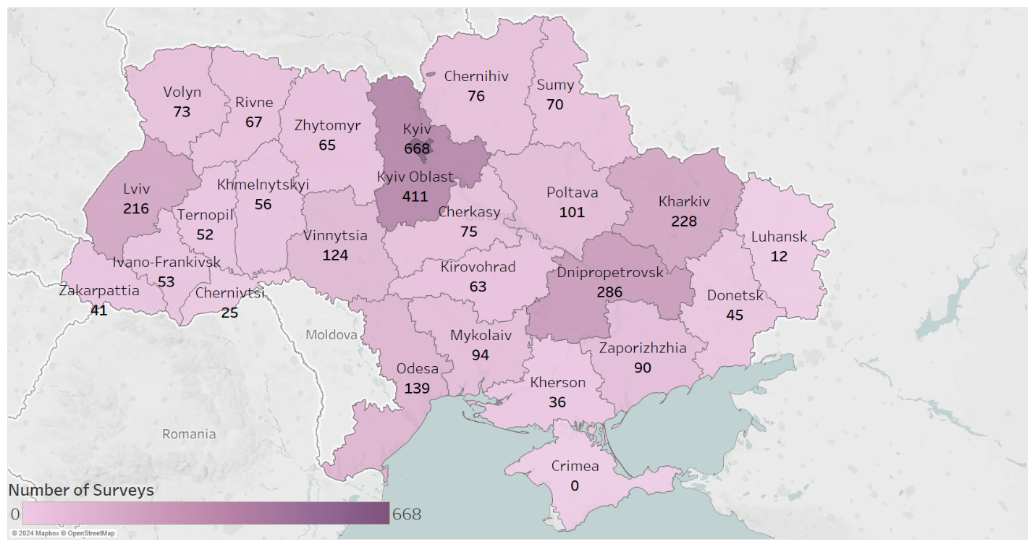
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1. **Respondents identified areas for improvement in tax administration.** The most frequently cited areas for improvement are: stability of tax legislation; enhancement of electronic taxpayer accounts with automated notifications; improved integration of the tax reports with commercially available business management tools; improved administrative support from the STS; combatting corruption and unofficial payments; and improved access to support for business affected by the invasion.

## Introduction

1. **The Ukraine Taxpayer Compliance Cost Survey (TCCS) provides a snapshot of taxpayers’ experience filing and paying taxes and estimates of the cost of taxpayers’ compliance with State Tax Service (STS)**. The purpose of the survey is to inform reforms that may reduce tax compliance costs and increase satisfaction with the STS services. The survey will serve as the baseline to measure progress in the implementation of reforms. The survey was undertaken by UDA Consulting (Turkey) and Info Sapiens Consulting (Ukraine) contracted and financed by the World Bank. The survey methodology was based on the World Bank tax compliance cost surveys methodology.[[2]](#footnote-3)
2. **Data was collected using a web-based survey**. The questionnaire focuses on the tax compliance experiences of business managers, owners, and accountants and covers a broad range of topics, from general business information (ownership structure, employee demographics, geographic coverage), tax accounting practices (the allocation of time and resources for bookkeeping and tax accounting, the use of software and outsourcing, and perceptions of the difficulty of tax compliance), and taxpayer experience of STS services (frequency, nature, and impact of tax inspections, the use of informal payments, and the effectiveness of the tax authority's services). The questionnaire uses a combination of factual, multiple-choice, rating scales, and open-ended questions, allowing for the collection of both quantitative and qualitative data. This approach provides a comprehensive understanding of the tax compliance landscape in Ukraine, encompassing both objective and perceptional data.
3. **The survey’s target population included all taxpayers registered in the STS system**. The STS disseminated a survey link provided by UDA Consulting to all active taxpayers across Ukraine. The link did not allow for attribution of responses to a responder. There was no sample selection at the data collection stage. In April-May 2024 3,169 registered taxpayers completed the survey. Participation varies widely across regions (Figure 5).

**Figure 5**. **Number of survey responses by region**



1. **Focus group discussions supplemented survey results**. The survey team conducted eight focus group discussions (FGDs) with representatives of businesses that were knowledgeable about the accounting and tax system in June-July 2024. Two FGDs were organized to validate preliminary survey results. FGDs covered the following issues: tax accounting, including tax filing; tax payments; quality of taxpayer services and perceptions of tax authorities; and suggestions on how the tax administration could improve its services from the viewpoint of taxpayers. FGDs were scheduled and conducted online, moderated by trained facilitators to ensure insightful and productive discussions. FGD results broadly confirmed survey findings.
2. **Data was treated to address non-response.** A high non-response rate is typical for web surveys. Non-response was addressed using a calibration (post-stratification) approach by sector, legal entity type, and region to construct weights to conform to the known population distribution. Item non-response was addressed by imputation (See Annex 1 for a detailed discussion of methodology).

## Survey Findings

1. **This section provides a summary of survey findings.** The findings are presented in nine sections: respondents demographic and business characteristics; the impact of Russia’s invasion on business activities; tax accounting practices; informal payments by similar businesses; tax inspections; fines and appeals; the quality of services provided by STS and perception of tax authorities; perceptions of the general and simplified tax regimes; and tax compliance practices.

### Respondents

1. **The sample represented taxpayers from all sectors of the economy, regions, and legal forms**. Out of 3,169 responders, 60.2 percent reported having no employees, 37.2 percent up to 50 employees, and 2.6 percent over 50 employees. 2,447 respondents (74.1 percent) identified their business as sole proprietorship. 25.9 percent of respondents were legal entities (Table 1).

**Table 1. Number and percentage of respondents by profile**

| **This business/company is categorized as** | **Number of observations** | **Percent** |
| --- | --- | --- |
| Sole proprietors | 2,447 | 74.1 |
| Legal entities | 722 | 25.9 |
| Total | 3,169 | 100 |
| **Total Employees** |  |  |
| No employee | 2,128 | 60.2 |
| up to 50 employees | 909 | 37.2 |
| over 50 employees[[3]](#footnote-4) | 75 | 2.6 |
| Total | 3,112 | 100 |
| **Type of economic activity** |  |  |
| Services | 2,762 | 90 |
| Agriculture | 183 | 3.71 |
| Industry | 189 | 6.03 |

1. **Survey respondents came from different backgrounds**. Most of respondents were business owners (85.1 percent). There were fewer female business owner respondents: 70.7 percent of female respondents were business owners, compared to 94.3 percent of male respondents. Almost half of respondents (47.2 percent) reported that they have been dealing with tax issues for 10 years or more. Respondents from the electricity, gas, steam, and air conditioning, and real estate sectors had a high proportion of respondents with over 10 years of experience (98.7 and 69.7 percent, respectively). In contrast, the proportion of respondents with 10 years-experience dealing with tax issues was significantly lower in the temporary accommodation and catering sectors (only 26.2 percent of respondents).
2. **Over two thirds of respondents (68.2 percent) use the single tax system without VAT.** Results vary significantly across regions, business size, business type, gender of respondents, and sector. Rivne Oblast (86.8 percent) and Kyiv Oblast (73.1 percent) had the highest utilization of simplified tax system without VAT. Some sectors are more likely to use the simplified tax system without VAT regime, notably information and telecommunications (88.9 percent) and wholesale and retail trade (70.2 percent).
3. **Only 4.1 percent of respondents reported that their business was in the process of closing down**. The supply of electricity, gas, steam, and air conditioning sector had the highest percentage of businesses (9 percent) in the process of closing down, followed by the provision of other types of services at 7.6 percent, and construction at 6.5 percent. In contrast, respondents in transport and communication activities, households, extraterritorial organizations and bodies reported no businesses in the process of closing down.
4. **Respondents reported that the total number of employees decreased from an average of 21.3 per business in 2021 to 19.4 in 2023**. This trend is reflected in many regions, with notable decreases in places like Zhytomyr Oblast (from 112.3 to 92.2), Kharkiv Oblast (from 32.1 to 22.5), and Kherson and Zaporizhzhia (from 20.2 to 13.1). However, some regions such as Odesa Oblast saw an increase in the average number of employees, rising from 25.4 in 2021 to 34.0 in 2023, while others like Rivne Oblast and Ivano-Frankivsk Oblast remained relatively stable. The average number of female employees decreased disproportionally: from 6.7 in 2021 to 5 in 2023, a 25.4 percent reduction (Table 2).

**Table 2. Average number of employees in 2021 and 2023**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **2021** | **2021 (female employees)** | **2023** | **2021 (female employees)** |
| Vinnytsia Oblast | 28.5 | 3.2 | 24.5 | 2.9 |
| Volyn Oblast | 36.0 | 2.9 | 33.7 | 2.5 |
| Dnipropetrovsk Oblast | 22.2 | 11.4 | 23.4 | 9.4 |
| Zhytomyr Oblast | 112.3 | 20.5 | 92.2 | 3.3 |
| Ivano-Frankivsk Oblast | 4.3 | 2.2 | 4.9 | 2.4 |
| Kyiv Oblast | 11.6 | 4.8 | 10.6 | 4.7 |
| Kirovohrad Oblast | 5.2 | 2.2 | 4.7 | 2.7 |
| Lviv Oblast | 8.3 | 3.9 | 8.5 | 4.3 |
| Mykolaiv Oblast | 22.8 | 8.2 | 22.1 | 3.4 |
| Odesa Oblast | 25.4 | 12.8 | 34.0 | 4.4 |
| Poltava Oblast | 12.7 | 4.7 | 10.8 | 4.8 |
| Rivne Oblast | 6.5 | 3.0 | 6.9 | 3.1 |
| Sumy Oblast | 17.7 | 8.0 | 17.0 | 9.1 |
| Ternopil Oblast | 5.3 | 2.8 | 5.3 | 2.8 |
| Kharkiv Oblast | 32.1 | 5.4 | 22.5 | 4.5 |
| Khmelnytskyi Oblast | 22.6 | 3.1 | 16.8 | 3.2 |
| Cherkasy Oblast | 18.8 | 13.8 | 16.4 | 13.8 |
| Chernihiv Oblast | 22.6 | 12.9 | 23.0 | 9.8 |
| Kyiv | 19.8 | 5.8 | 18.0 | 4.9 |
| Donetsk and Luhansk | 15.2 | 4.2 | 9.7 | 3.1 |
| Kherson and Zaporizhzhia | 20.2 | 7.2 | 13.1 | 7.9 |
| Zakarpattia and Chernivtsi | 4.7 | 1.9 | 4.7 | 2.0 |
| Overall | 21.3 | 6.7 | 19.4 | 5.0 |

1. **Most of respondents’ business activities at the end of 2023 were limited to one region of Ukraine (62.9 percent).** 23.3 percent of businesses operated in several regions. Businesses with up to 50 employees predominantly operated in one region (68.6 percent). Businesses with over 50 employees operated in several region (32.4 percent) or both several regions and abroad (12.2 percent). 67.5 percent of female owned businesses operated in one region, compared to 59.5 percent of male owned businesses.
2. **Four out of five businesses reported doing business in their region of registration at the time of the survey** (81.6 percent). The share of businesses doing business in their region of registration was highest in Zhytomyr oblast (87.5 percent) and lowest in Donetsk and Luhansk oblasts (59.4 percent). Large businesses that had over 50 employees operated at the place of registration more frequently (98.4 percent) than businesses with no employees (77.6 percent).

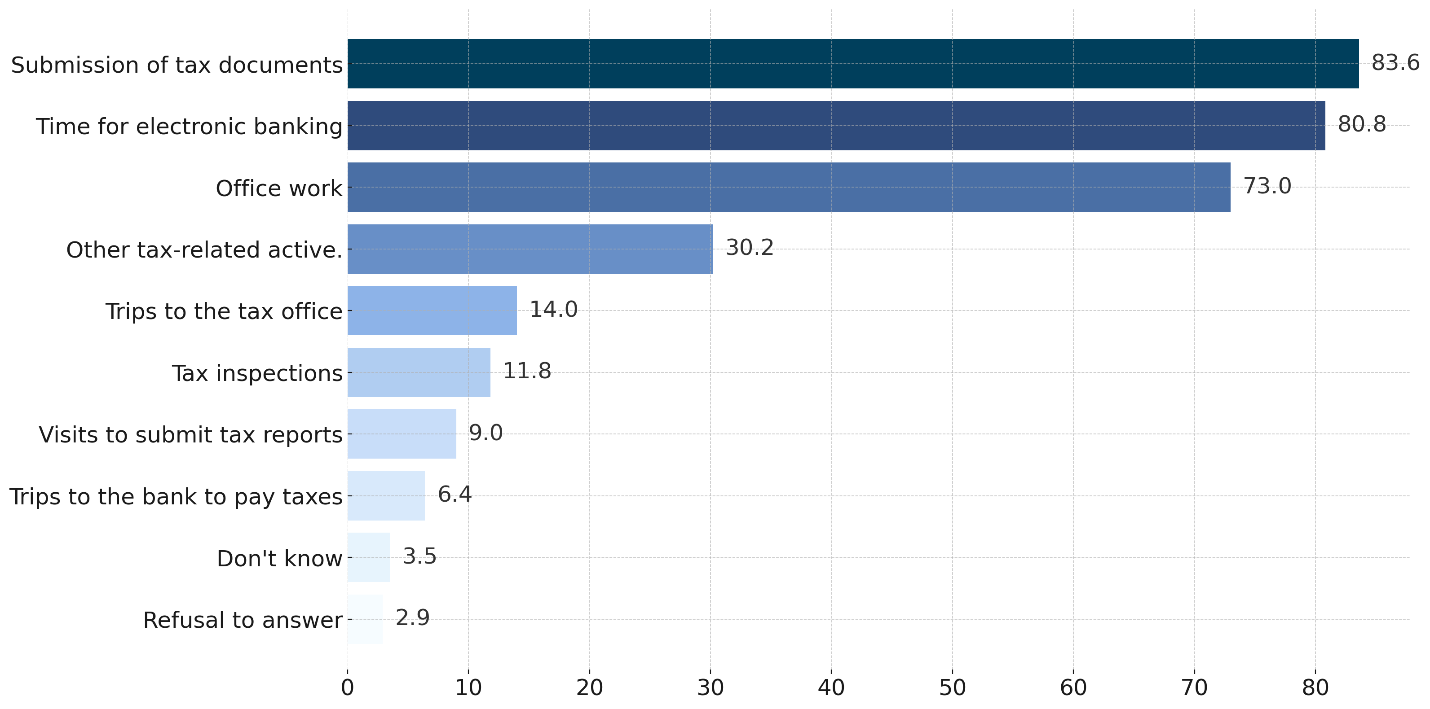
### Impact of Russia’s Invasion

1. **Only 3.5 percent of businesses had re-registered their businesses in a different region due to Russia’s invasion of Ukraine, but close to 10 percent** **of businesses** **had relocated their businesses and/or employees to another region**. The highest proportion of businesses that had re-registered were in Donetsk and Luhansk (11.8 percent), Khmelnytska Oblast (9.3 percent), and Kyiv Oblast (8.3 percent). None of the businesses registered in Zhytomyr, Ivano-Frankivsk, Kirovohrad, and Chernihiv have re-registered elsewhere. One in every ten businesses relocated their businesses and/or employees to another region after 2022. Almost half of the businesses in Donetsk and Luhansk oblasts had to relocate after 2022 (45.7 percent), followed by 22.7 percent of the businesses in Kharkiv Oblast. Businesses in the Information and telecommunications sector report the highest relocation rates (18.6 percent after 2022). Businesses in the agriculture, forestry, and fisheries reported the lowest relocation rates (5.4 percent after 2022).
2. **Most of the businesses that relocated plan to return to their original location but not all of these businesses will return all of their activities and employees**. Among respondents who had to relocate, 42.1 percent plan to fully return both operations and employees, 5.0 percent plan to return activities but only partially return employees, and 11.1 percent intend to partially return both operations and employees. 18.2 percent do not plan to return, and 20.1 percent are uncertain. Business size affects plans significantly: larger enterprises with over 50 employees mainly plan to fully return (65.4 percent), compared to only 35 percent of sole proprietors.

### Tax Accounting

1. **Most businesses report that they paid Single Social Contribution (80 percent of** **respondents), Single Tax** **(77.4 percent), Personal Income Tax (PIT) and Military Duty (59.4 percent).** Businesses also reported that they paid Corporate Profit Tax (CPT, 23.3 percent), Land Fee (23 percent) and Value Added Tax (VAT, 22.3 percent). Across regions, Kyiv Oblast stands out with a high percentage of businesses reporting that they paid PIT (70.7 percent) and CPT (33.9 percent). In Kirovohrad Oblast a significant share of businesses reported that they paid CPT (29.2 percent) and VAT (76.9 percent). In contrast, regions like Volyn Oblast reported lower participation in most tax categories except for the single tax (80.4 percent). Larger enterprises with over 50 employees reported that they paid PIT (100 percent), VAT (95.5 percent), and land fee (64.7 percent). Smaller businesses, especially those with no employees, report that they have simpler tax regimes, paying the single tax (93.1 percent) and vehicle parking duty (7.8 percent).
2. **Businesses reported a variety of tax accounting activities**. The most common, tax accounting activities among Ukrainian taxpayers are "submission of tax documents" and "office work," with 83.6 percent and 73 percent of respondents, respectively, reporting performing these tasks (Figure 6). Tax inspections were less common, with only 11.8 percent of respondents reporting involvement. Visits to tax offices for submitting tax reports were even less common, reported by 9 percent of respondents.

**Figure 6.** **Types of activities performed in 2023**



1. **The most common approach to handle bookkeeping and tax accounts was for the business owners or managers to handle bookkeeping personally, as reported by 63.6 percent of respondents**. Among businesses with no employees, 87.9 percent owners or managers reported that they managed bookkeeping personally, whereas only 32.8 percent of businesses with up to 50 employees did so (Table 3). For larger businesses with over 50 employees, this figure dropped to 0 percent: these businesses relied on their professional employees for these tasks. Legal entities relied heavily on their own employees (69.6 percent), outside specialists (12.7 percent), or a combination of in-house and external services (11.1 percent). Businesses report that most of the staff responsible for tax accounting and bookkeeping are female (Figure 7).

**Table 3. Who was in Charge of Bookkeeping and Tax Accounting in 2023**

|  | **No employee** | **Up to 50 employees** | **Over 50 employees** | **Overall** |
| --- | --- | --- | --- | --- |
| **Country Level** | | | | |
| Employees only | 0.1 | 43.6 | 93.2 | 18.7 |
| The sole proprietor (personally) | 87.9 | 32.8 | 0 | 65.1 |
| Only outside specialists/outsourcing company | 7 | 10.2 | 0 | 8 |
| Both: own employees and outside specialists/outsourcing company | 1.6 | 8.5 | 6.8 | 4.3 |
| No bookkeeping is necessary in accordance with the chosen taxation system | 2.4 | 2 | 0 | 2.2 |
| Does not know | 0.4 | 0.7 | 0 | 0.5 |
| Refused to answer | 0.5 | 2.2 | 0 | 1.1 |
| Total | 100 | 100 | 100 | 100 |
|  |  |  |  |  |
| **Only if business is sole proprietors** | | | | |
| Employees only | 0 | 7.11 |  | 1.46 |
| The sole proprietor (personally) | 88.09 | 78.51 |  | 86.12 |
| Only outside specialists/outsourcing company | 6.95 | 8.41 |  | 7.25 |
| Both: own employees and outside specialists/outsourcing company | 1.57 | 3.37 |  | 1.94 |
| No bookkeeping is necessary in accordance with the chosen taxation system | 2.44 | 2.38 |  | 2.43 |
| Does not know | 0.44 | 0 |  | 0.35 |
| Refused to answer | 0.51 | 0.23 |  | 0.45 |
| Total | 100 | 100 |  | 100 |
|  |  |  |  |  |
| **Only if business is Legal entity** | | | | |
| Employees only | 31.62 | 69.81 | 93.15 | 72.15 |
| The sole proprietor (personally) | | | |  |
| Only outside specialists/outsourcing company | 68.38 | 11.5 | 0 | 10.5 |
| Both: own employees and outside specialists/outsourcing company | 0 | 12.12 | 6.85 | 11.51 |
| No bookkeeping is necessary in accordance with the chosen taxation system | 0 | 1.66 | 0 | 1.47 |
| Does not know | 0 | 1.25 | 0 | 1.11 |
| Refused to answer | 0 | 3.67 | 0 | 3.26 |
| Total | 100 | 100 | 100 | 100 |

**Figure 7. In total, how many employees do you have who were responsible for book-keeping and/or tax accounting for your business in 2023**

1. **Businesses report that the average time spent on tax compliance procedures was 74.4 person-days.** Businesses with turnover exceeding UAH 80 million reported the highest average time spent on tax compliance, reaching 369 person-days, compared to 35.7 days for those with turnover under UAH 1 million (Table 4).Businesses with a turnover of less than UAH 1 million reported spending an average of 14.4 days on office work, 7.7 days on submission of tax documents, and only 0.7 days on tax inspections. In contrast, businesses with a turnover exceeding UAH 80 million reported spending an average of 207.5 days on office work, 67.3 days on the submission of tax documents, and 28.9 days on tax inspections.

**Table 4. Average person-day spent annually on tax compliance procedures (days)** [[4]](#footnote-5)

|  | | **Total** | **Office work** | **Submission of tax documents** | **Trips to the tax office** | **Trips to the bank to pay taxes** | **Time for electronic banking** | **Other tax-related active.** | **Visits to submit tax reports** | **Tax inspections** |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Turnover** | | | | | | | | | | | |
| Less than UAH 1 million | Avg | 35.7 | 14.4 | 7.7 | 1 | 0.4 | 5.8 | 5.3 | 0.5 | 0.7 |  |
| # | 1305 | 1298 | 1299 | 1304 | 1304 | 1300 | 1302 | 1304 | 1304 |  |
| UAH 1 million - 8 million | Avg | 53.6 | 20.7 | 12.5 | 1 | 0.3 | 7.3 | 6.4 | 0.6 | 4.8 |  |
| # | 1035 | 1033 | 1032 | 1033 | 1033 | 1032 | 1034 | 1035 | 1034 |  |
| UAH 8 million - 80 million | Avg | 253 | 115.7 | 56.8 | 2.4 | 1 | 25.1 | 26.2 | 0.7 | 30.5 |  |
| # | 225 | 220 | 221 | 225 | 224 | 221 | 224 | 224 | 223 |  |
| Over UAH 80 million | Avg | 369 | 207.5 | 67.3 | 1.2 | 0.7 | 30.2 | 31.4 | 2.6 | 28.9 |  |
| # | 119 | 119 | 119 | 118 | 118 | 117 | 118 | 118 | 119 |  |
| Total | Avg | 74.4 | 33.1 | 16 | 1.1 | 0.4 | 9 | 8.5 | 0.7 | 5.9 |  |
| # | 2684 | 2670 | 2671 | 2680 | 2679 | 2670 | 2678 | 2681 | 2680 |  |
| **Total Employees** | | | | | | | | | | | |
| No employee | Avg | 26.2 | 10.8 | 5.5 | 0.8 | 0.4 | 5.6 | 2.1 | 0.5 | 0.5 |  |
| # | 1976 | 1974 | 1974 | 1975 | 1973 | 1974 | 1975 | 1975 | 1975 |  |
| up to 50 employees | Avg | 122.4 | 55.1 | 25.7 | 1.6 | 0.4 | 13.1 | 15.5 | 0.8 | 11 |  |
| # | 895 | 887 | 885 | 893 | 893 | 886 | 891 | 893 | 892 |  |
| Over 50 employees | Avg | 400.8 | 213.3 | 88.5 | 1.2 | 1.1 | 41.5 | 35.7 | 1.5 | 27.5 |  |
| # | 75 | 74 | 75 | 75 | 75 | 75 | 74 | 74 | 75 |  |
| Total | Avg | 73.6 | 33.2 | 15.5 | 1.1 | 0.4 | 9.5 | 8.2 | 0.6 | 5.3 |  |
| # | 2946 | 2935 | 2934 | 2943 | 2941 | 2935 | 2940 | 2942 | 2942 |  |
| **Legal form** | | | | | | | | | | | |
| A sole proprietor, no employees | Avg | 26.5 | 11 | 5.6 | 0.8 | 0.4 | 5.7 | 2.1 | 0.5 | 0.5 |  |
| # | 1963 | 1961 | 1961 | 1962 | 1960 | 1961 | 1962 | 1962 | 1962 |  |
| A sole proprietor with employees | Avg | 14.7 | 10.7 | 1.4 | 0.3 | 0.1 | 1.5 | 0.6 | 0.1 | 0.1 |  |
| # | 331 | 330 | 329 | 331 | 331 | 331 | 331 | 331 | 331 |  |
| A legal entity | Avg | 211.5 | 95.9 | 46.1 | 2.2 | 0.6 | 22.8 | 26.1 | 1.3 | 19.2 |  |
| # | 706 | 694 | 695 | 703 | 704 | 694 | 699 | 703 | 703 |  |
| Total | Avg | 73.6 | 33.2 | 15.6 | 1.1 | 0.4 | 9.5 | 8.2 | 0.6 | 5.4 |  |
| # | 3000 | 2985 | 2985 | 2996 | 2995 | 2986 | 2992 | 2996 | 2996 |  |

1. **While businesses report that the monetary cost of tax compliance increases with the size of business, as a share of revenue it is most burdensome to smaller businesses.** Smaller businesses with a turnover of less than UAH 1 million, report an average tax compliance cost of UAH 31,698 annually, which represents at least 3 percent of their total turnover (Table 5). The breakdown of these costs reveals that 38 percent of the total is spent on office work, 21 percent on submission of tax documents, and 17 percent on other tax-related activities. Businesses with turnover over UAH 80 million, report average costs of UAH 643,747 per year, below 0.8 percent of turnover. Businesses with turnovers between UAH 8 million and UAH 80 million, report average tax compliance cost of UAH 383,638 representing between 0.8 to 4.8 percent of turnover based on where the turnover is in the range. Businesses with a turnover between UAH 1 million and UAH 8 million report that the average annual cost rises to UAH 74,844, which constitutes between 0.9 percent to 7 percent of their turnover. Survey responses suggest that businesses slightly above threshold values of UAH 1 million and UAH 8 million bear highest burden of tax compliance, mainly due to office work related to tax accounting, and tax form submission.

**Table 5. Annual costs of tax compliance procedures, UAH**

|  | | Total | **Office work** | S**ubmi**ssion of **tax documents** | T**rips to the tax** office | **Trips to the** b**ank to pay taxes** | **Time for electronic banking** | **Other tax-related** active. | **Visits to** submit tax reports | **Tax inspections** |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Turnover** | | | | | | | | | | |
| Less than UAH 1 million | Avg | 31,698 | 12,079 | 6,649 | 729 | 247 | 4,811 | 5,330 | 337 | 670 |
| # | 1,263 | 1,297 | 1,298 | 1,303 | 1,303 | 1,299 | 1,301 | 1,303 | 1,303 |
| UAH 1 million - 8 millions | Avg | 74,844 | 21,128 | 18,851 | 1,002 | 228 | 6,552 | 11,001 | 642 | 13,328 |
| # | 1,001 | 1,033 | 1,032 | 1,033 | 1,033 | 1,032 | 1,034 | 1,035 | 1,034 |
| UAH 8 millions - 80 millions | Avg | 383,638 | 183,526 | 83,665 | 2,382 | 1,213 | 34,190 | 35,716 | 590 | 49,431 |
| # | 224 | 220 | 221 | 225 | 224 | 221 | 224 | 224 | 223 |
| Over UAH 80 millions | Avg | 643,474 | 344,970 | 99,581 | 2,360 | 1,790 | 52,179 | 63,622 | 2,729 | 55,946 |
| # | 117 | 119 | 119 | 118 | 118 | 117 | 118 | 118 | 119 |
| Total[[5]](#footnote-6) | Avg | 103,290 | 43,340 | 21,480 | 1,032 | 379 | 9,848 | 12,411 | 572 | 11,762 |
| # | 2,605 | 2,669 | 2,670 | 2,679 | 2,678 | 2,669 | 2,677 | 2,680 | 2,679 |
| **Total Employees** | | | | | | | | | | |
| No employee | Avg | 20,971 | 8,575 | 4,241 | 562 | 291 | 4,066 | 1,595 | 332 | 394 |
| # | 1,896 | 1,973 | 1,973 | 1,974 | 1,972 | 1,973 | 1,974 | 1,974 | 1,974 |
| up to 50 employees | Avg | 163,634 | 64,475 | 35,202 | 1,650 | 350 | 14,608 | 24,162 | 803 | 22,749 |
| # | 891 | 887 | 885 | 893 | 893 | 886 | 891 | 893 | 892 |
| Over 50 employees | Avg | 884,405 | 508,306 | 186,227 | 2,156 | 2,623 | 86,430 | 58,894 | 1,326 | 60,689 |
| # | 75 | 74 | 75 | 75 | 75 | 75 | 74 | 74 | 75 |
| Total | Avg | 101,665 | 43,238 | 21,129 | 1,023 | 378 | 10,381 | 11,854 | 541 | 10,666 |
| # | 2,862 | 2,934 | 2,933 | 2,942 | 2,940 | 2,934 | 2,939 | 2,941 | 2,941 |
| **Legal form** | | | | | | | | | | |
| A sole proprietor no employees | Avg | 21,260 | 8,688 | 4,297 | 570 | 295 | 4,119 | 1,616 | 337 | 399 |
| # | 1,883 | 1,960 | 1,960 | 1,961 | 1,959 | 1,960 | 1,961 | 1,961 | 1,961 |
| A sole proprietor with employees | Avg | 8,143[[6]](#footnote-7) | 5,544 | 797 | 130 | 83 | 1,114 | 285 | 37 | 149 |
| # | 330 | 330 | 329 | 331 | 331 | 331 | 331 | 331 | 331 |
| A legal entity | Avg | 322,983 | 141,471 | 69,708 | 2,527 | 717 | 29,527 | 40,769 | 1,270 | 39,035 |
| # | 700 | 694 | 695 | 703 | 704 | 694 | 699 | 703 | 703 |
| Total | Avg | 100,819 | 42,981 | 20,950 | 1,008 | 370 | 10,291 | 11,732 | 533 | 10,587 |
| # | 2,913 | 2,984 | 2,984 | 2,995 | 2,994 | 2,985 | 2,991 | 2,995 | 2,995 |

1. **Most businesses with employees report that they pay VAT.** There was a significant difference between sole proprietors and legal entities, with 86 percent of legal entities reporting that they paid VAT compared to only 44.2 percent of sole proprietors. Only 33.9 percent of businesses with no employees reported that they paid VAT, compared to over 80 percent of businesses with employees.
2. **Across all businesses[[7]](#footnote-8), VAT emerges as the most expensive tax to comply with, averaging UAH 121,050 per business**. On average, Ukrainian businesses registered for VAT report that they allocated about UAH 120,000 to satisfy VAT compliance requirements (Table 6). This figure equates to employing an accountant full-time for approximately 8 months each year to manage VAT compliance.

**Table 6. The average costs of accounting specific taxes and duties in Ukraine in 2023, UAH**

| **Taxes and duties** | | **VAT** | **Enterprise Profit tax** | **Single Contribution tax** | **Personal income tax** | **Single tax** | **Land fee** | **Other** |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Turnover** | | | | | | | | |
| Less than UAH 1 million | Avg | 73942.4 | 17339.2 | 12812.3 | 11952.6 | 11958.7 | 7489.7 | 8627.8 |
| # | 38 | 43 | 93 | 93 | 51 | 31 | 30 |
| UAH 1 - 8 millions | Avg | 119755 | 33880.4 | 17954.5 | 17334.5 | 5903.8 | 4229.2 | 5430.8 |
| # | 130 | 99 | 171 | 172 | 75 | 55 | 59 |
| UAH 8 - 80 millions | Avg | 106363.6 | 36200.6 | 40381.6 | 47217.2 | 22044.7 | 6641.5 | 10908.3 |
| # | 163 | 142 | 167 | 173 | 30 | 48 | 69 |
| Over UAH 80 millions | Avg | 216179.4 | 112966.2 | 80927.3 | 84111.3 | 25754.4 | 45816.6 | 62495.3 |
| # | 65 | 63 | 69 | 73 | 10 | 34 | 44 |
| Total[[8]](#footnote-9) | Avg | 121050.6 | 44391.3 | 30623.9 | 32988.6 | 12030 | 11724.3 | 18513.8 |
| # | 396 | 347 | 500 | 511 | 166 | 168 | 202 |
| **Total Employees** | | | | | | | | |
| No employee | Avg | . | . | . | . | . | . | . |
| # | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| up to 50 employees | Avg | 95792.7 | 32868 | 21586.3 | 24149.7 | 9544.7 | 6313.3 | 7794.3 |
| # | 349 | 320 | 458 | 467 | 161 | 122 | 152 |
| Over 50 employees | Avg | 236167.2 | 146774.9 | 127863 | 124449.7 | 67390.5 | 30992.4 | 60012.2 |
| # | 69 | 52 | 68 | 73 | 8 | 49 | 59 |
| Total | Avg | 119676.9 | 46238 | 34147.2 | 36647.2 | 11974.4 | 12412.5 | 19857.8 |
| # | 418 | 372 | 526 | 540 | 169 | 171 | 211 |
| **Legal form** | | | | | | | | |
| A sole proprietor no employees | Avg | . | . | . | . | . | . | . |
| # | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| A sole proprietor with employees | Avg | 17812.6 | 30296 | 7639.8 | 6966.2 | 3815.9 | 3461.2 | 5036.6 |
| # | 7 | 6 | 35 | 35 | 29 | 13 | 15 |
| A legal entity | Avg | 122561.7 | 45725.2 | 35647.1 | 38358 | 13794.9 | 13235.8 | 22012.3 |
| # | 426 | 376 | 511 | 524 | 149 | 168 | 206 |
| Total | Avg | 120548.8 | 45339.1 | 33298.6 | 35738.1 | 12023.9 | 12242.3 | 20268.8 |
| # | 433 | 382 | 546 | 559 | 178 | 181 | 221 |

1. **Most businesses report that they submitted their tax reports and financial statements electronically using the taxpayer's Electronic Office (74.6 percent)** (Figure 8). Businesses with no employees predominantly used the taxpayer's Electronic Office (84.0 percent), whereas only 63.4 percent of those with up to 50 employees used the Electronic Office.
2. **In 2021 and 2023, businesses reported their spending in Ukrainian currency on various tax-related activities and items**. Spending on tax literature, information systems, and training rose from 10,677 UAH to 11,526 UAH; on purchasing, maintaining, renewing licenses, and upgrading specialized tax accounting software decreased from 12,865 UAH to 12,469 UAH; purchasing and using cash registers (RRO) and software-based cash registers (PRRO), along with related expenses, fell from 13,983 UAH to 8,149 UAH; and purchasing business licenses (for licensed businesses) increased from 8,693 UAH to 13,151 UAH.

**Figure 8. How were tax reports and financial statements submitted to tax authorities in 2023?** A green bar graph with numbers

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### Informal Payments

1. **Informal payments to third parties for assistance or services to minimize tax burden or remove obstacles to business operations decreased from 25,226 UAH in 2021 to 23,912 UAH in 2023.** Businesses with higher turnovers, specifically those between UAH 8 million and UAH 80 million, report an increase in average informal payments, rising from UAH 68,926 to UAH 113,807. Businesses with a turnover under UAH 1 million reported a decrease, from UAH 15,161 to UAH 10,542.
2. **The reasons for informal payments among businesses varied between different categories.** For sole proprietors the most frequently reported reason was lack of knowledge about tax accounting and filing procedures, while for larger businesses reported that informal payments were intended to cut red tape and remove obstacles to doing business (Figure 9).

**Figure 9. Reasons for Informal Payments to Third Parties in 2023**

1. **The reasons for making informal payments changed between 2021 and 2023**. The percentage of respondents who identified "No or insufficient knowledge on tax accounting, filling out and filing reports, etc." as a reason for making informal payments increased from 62.4 percent in 2021 to 68.7 percent in 2023. In contrast, the category "Averting or eliminating formal/red tape/unreasonable obstacles to doing business" saw a decrease in responses, from 46.6 percent in 2021 to 41.2 percent in 2023.
2. **Over 10 percent businesses that were VAT payers reported awareness of informal payments made to obtain VAT refunds.** The proportion was higher for legal entities (13.6 percent) and lower for sole proprietors (8.8 percent).Sector-wise, the construction industry and the supply of electricity, gas, steam, and air conditioning reported the highest awareness levels, with 17.6 percent and 17.4 percent, respectively. In contrast, sectors like health care and education had very low reported awareness, with only 1.1 percent and 5.2 percent, respectively.
3. **Respondents who reported awareness of informal payments were asked to estimate percentage or the specific amounts paid pay to “get things done” while dealing with customs, taxes, licenses, regulations, and services**. Overall, across all respondents, an average monetary value of an informal payment UAH 32,797.1. In 2023, 78.8 percent of businesses reported that they made informal payments was to overcome formal red tape and unreasonable obstacles, up slightly from 77.8 percent in 2021.

### Tax Inspections

1. **The proportion of businesses receiving tax inspections has not changed considerably between 2021 and 2023. 14** percent of businesses reported that they were inspected in 2021 and 13.8 percent in 2023 (Table 7). The proportion of businesses reporting that they were not inspected rose from 73.2 percent to 75.3 percent (the rest did not know or refused to answer). Larger businesses face more inspections, with the proportion of businesses with over 50 employees reporting that they were inspected increasing from 37.2 percent to 49.1 percent between 2021 and 2023. Regional disparities persist, with businesses in Vinnytsia Oblast reporting the highest 2023 inspection rate of 30.2 percent and businesses in Sumy Oblast the lowest at 8.6 percent.

**Table 7. Percentage of businesses reported undergoing tax inspections in 2021 and 2023**

|  |  |  |
| --- | --- | --- |
| **Percent of businesses reported undergoing tax inspections in:** | **2021** | **2023** |
| No employee | 7.4 | 6.3 |
| up to 50 employees | 20.7 | 23.2 |
| over 50 employees | 37.2 | 49.1 |
| Overall | 14.0 | 13.7 |

1. **There are differences in the proportion of businesses reporting inspections across sectors.** Businesses in the electricity, gas, steam, and air conditioning sector reported the highest inspection rates, slightly decreasing from 46.2 percent in 2021 to 45.1 percent in 2023. The processing industry reported a notable increase in inspections, rising from 16.6 percent to 22.0 percent over the same period, while businesses in financial and insurance activities also reported heightened scrutiny, reaching 25.7 percent in 2023. In contrast, sectors such as state administration and defense were largely exempt from inspections in both years.
2. **Businesses report increasing reliance on external support for inspections.** In 2023, nearly a quarter of respondents (23.9 percent) used external specialists to handle tax inspections, reflecting a response to perceived complexity or heightened scrutiny from authorities.
3. **Businesses report differences in the frequency of presentation of an official inspection order during tax inspections.** 54.6 percent of respondents confirmed that they were presented with an official inspection order, while 30.8 percent said they were not. Businesses, with over 50 employees, reported receiving an official inspection order for 81.0 percent of inspections, compared 33.3 percent of smaller firms/firms with no employees (Table 8). Similarly, a larger share of legal entities reported that they were presented with an official order (63.0 percent) than the share of sole proprietors (47.1 percent).

**Table 8. During the last tax inspection in 2023, has the tax inspector presented you with an official inspection order?**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Total Employees** | **Yes** | **No** | **Does not know** | **Refused to answer** | **Total** |
| No employee | 33.3 | 46.4 | 16.3 | 4.0 | 100.0 |
| up to 50 employees | 60.8 | 25.6 | 9.3 | 4.2 | 100.0 |
| Over 50 employees | 81.0 | 13.7 | 3.8 | 1.6 | 100.0 |
| Total | 55.1 | 30.2 | 10.7 | 3.9 | 100.0 |

1. **Businesses report that they average tax inspection time for on-site inspection was 6.2 hours, with some variation by region, business size, and type.** Businesses with over 50 employees reported that the average duration for tax inspections was 14.2 hours, compared to 6.3 hours for businesses with up to 50 employees, and just 3.8 hours for businesses with no employees (Table 9). Legal entities reported average inspection times of 8.2 hours compared to 4.5 hours for sole proprietors. Volyn Oblast reported the longest average inspection time at 14.0 hours, followed by Khmelnytskyi (12.9 hours) and Zhytomyr (12.4 hours), while Chernihiv Oblast reported the shortest inspections at just 1.5 hours, with Zakarpatiia and Chernivtsi Oblasts close behind at 2.3 hours.

**Table 9. Amount of time tax inspectors spent in offices during their latest on-site inspections in 2023**

|  |  |
| --- | --- |
| **Total Employees** | **Hours** |
| No employee | 3.8 |
| up to 50 employees | 6.3 |
| over 50 employees | 14.2 |
| **Business category** | |
| Sole proprietors | 4.5 |
| Legal entities | 8.2 |
| **Total average** | **6.2** |

1. **Businesses report that fines and penalties are a common consequence of tax inspection across all business sizes, but larger firms are more likely to dispute increases in their tax liabilities.** 63.1 percent of businesses with up to 50 employees reported that they were fined, compared with 52.4 percent of those with over 50 employees, and 51 percent of those with no employees (Table 10).

**Table 10. Has the last tax inspection in 2023 resulted in any of the following negative consequences?[[9]](#footnote-10)**

|  | **No employees** | **Up to 50 employees** | **Over 50 employees** | **Overall** |
| --- | --- | --- | --- | --- |
| An increase in taxes to be paid, and there is no objection | 4 | 12.8 | 17.9 | 12.2 |
| An increase in taxes to be paid, and there is an appeals procedure ongoing | 10.2 | 13.9 | 24.1 | 13.6 |
| Fines, penalties | 51 | 63.1 | 52.4 | 58.6 |
| Temporary suspension of the company's activities | 6.3 | 7.4 | 0 | 6.9 |
| Informal payments in cash or in kind | 7.4 | 6.3 | 4.9 | 6.5 |
| Confiscation of goods or property | 0 | 0.3 | 0 | 0.2 |
| Less time for employees dealing with inspectors for doing their day-to-day work | 13.2 | 18.5 | 21.9 | 17.7 |
| The correct tax accounting has been confirmed | 22.8 | 14.8 | 17.6 | 16.9 |
| Tax accounting mistakes that could have resulted in negative consequences in the future have been made good | 18.1 | 15.2 | 9.4 | 15.6 |
| Other | 0 | 2.1 | 0 | 1.3 |
| Does not know | 7.3 | 4.2 | 12.7 | 5.7 |
| Refused to answer | 4.4 | 2.5 | 0 | 2.9 |

### Fines and Appeals

1. **The reported incidence of fines, penalties, and additional tax requests varied significantly across regions, business sizes, and industries.** Overall, 28.9 percent of respondents reported being fined, while 67.8 percent did not. Larger businesses with over 50 employees reported facing fines more frequently (72.2 percent) than those with no employees (17.0 percent) (Figure 10). Legal entities also reported a higher incidence of fines (49.8 percent) compared to sole proprietors (21.8 percent).

**Figure 10. Percentage of businesses fined, penalized, or requested to pay additional amounts in taxes, duties, or fees by the tax authority in 2023**

1. **One-third of businesses that reported being fined chose to appeal the decision.** 33.8 percent of businesses reported that they challenged fines or additional tax requests, 43.3 percent opted not to appeal, and 20.0 percent pursued court action. Smaller businesses, particularly those with no employees, reported that they were more inclined to appeal to the State Tax Service but less likely to use the court system. Larger businesses with over 50 employees reported that they preferred court appeals and were the least likely not to appeal. Businesses with no employees reported that they less likely to appeal than larger businesses (Figure 11).

**Figure 11. Percentage of businesses appealing against tax decisions**

1. **Businesses reported that they often refrain from appealing tax penalties due to low expectations of success and fear of future repercussions.** The reason most frequently cited for not appealing was the belief that appealing would not change the outcome (44.3 percent). 27 percent of businesses reported that they chose not to appeal to avoid potential future issues with the tax authorities (Figure 12). 15.1 percent of businesses also reported that they chose not to appeal because they lacked skilled personnel to handle the appeals process. 12.4 percent of respondents reported that the financial impact of the fines was too small to justify an appeal, and 1.3 percent were uncertain why they chose not to contest the penalties.

**Figure 12. Reasons for not submitting a complaint against the decision to the tax authorities**

### Quality of Service, Perception of Tax Authorities and Other Aspects of Business Environment

1. **Taxpayers reported mixed assessments of the State Tax Service’s performance.** Although 63.1 percent of respondents rated staff politeness as "Good," other areas such as qualifications, professionalism, and effectiveness received more critical feedback. While 58.8 percent approved of remote interactions, 27 percent viewed them negatively. Staff readiness to help was rated positively by 46.5 percent of respondents, but 35.7 percent expressed dissatisfaction. Opinions on honesty and impartiality were also divided, with 43.3 percent positive and 28.3 percent negative. Overall, 41.8 percent of respondents approved of inspectors’ effectiveness, but 31.4 percent disagreed, highlighting mixed perceptions of performance (Figure 13).

**Figure 13. Based on your personal experience, please evaluate the following aspects of staff and performance of the State Tax Service (percentage of respondents)**

1. **Respondents reported frequent changes in tax laws and inadequate support from the State Tax Service (STS) as significant challenges for businesses.** Almost 52 percent of respondents identified frequent changes in tax legislation as a problem, of which almost 32 percent saw it as a major problem (Figure 14). Similarly, 46.1 percent of businesses reported that they struggled with the lack of quality advice from STS staff. Nearly half of respondents reported that they found it difficult to understand tax regulations because of complex and sometimes contradictory legal documents.

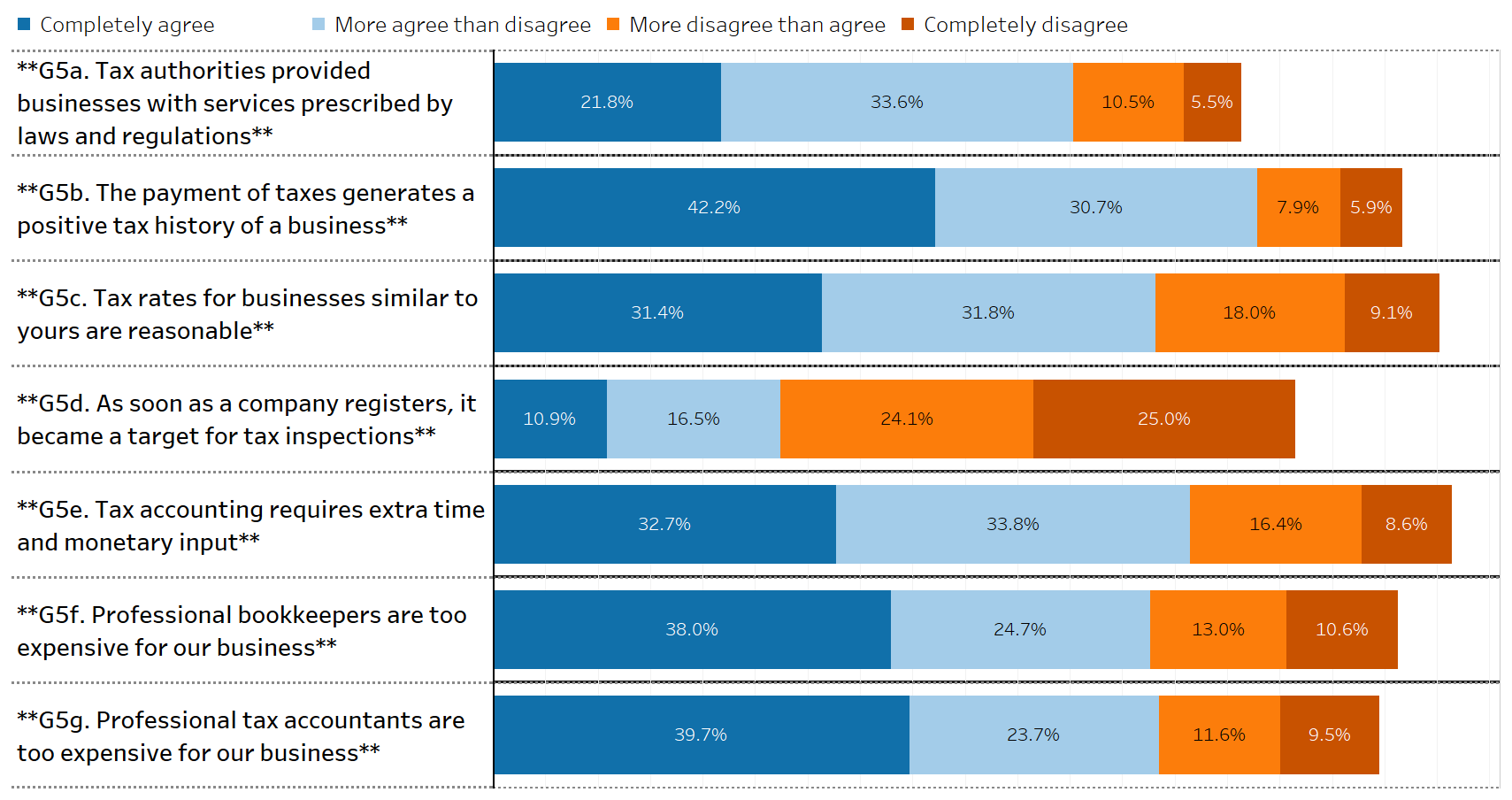
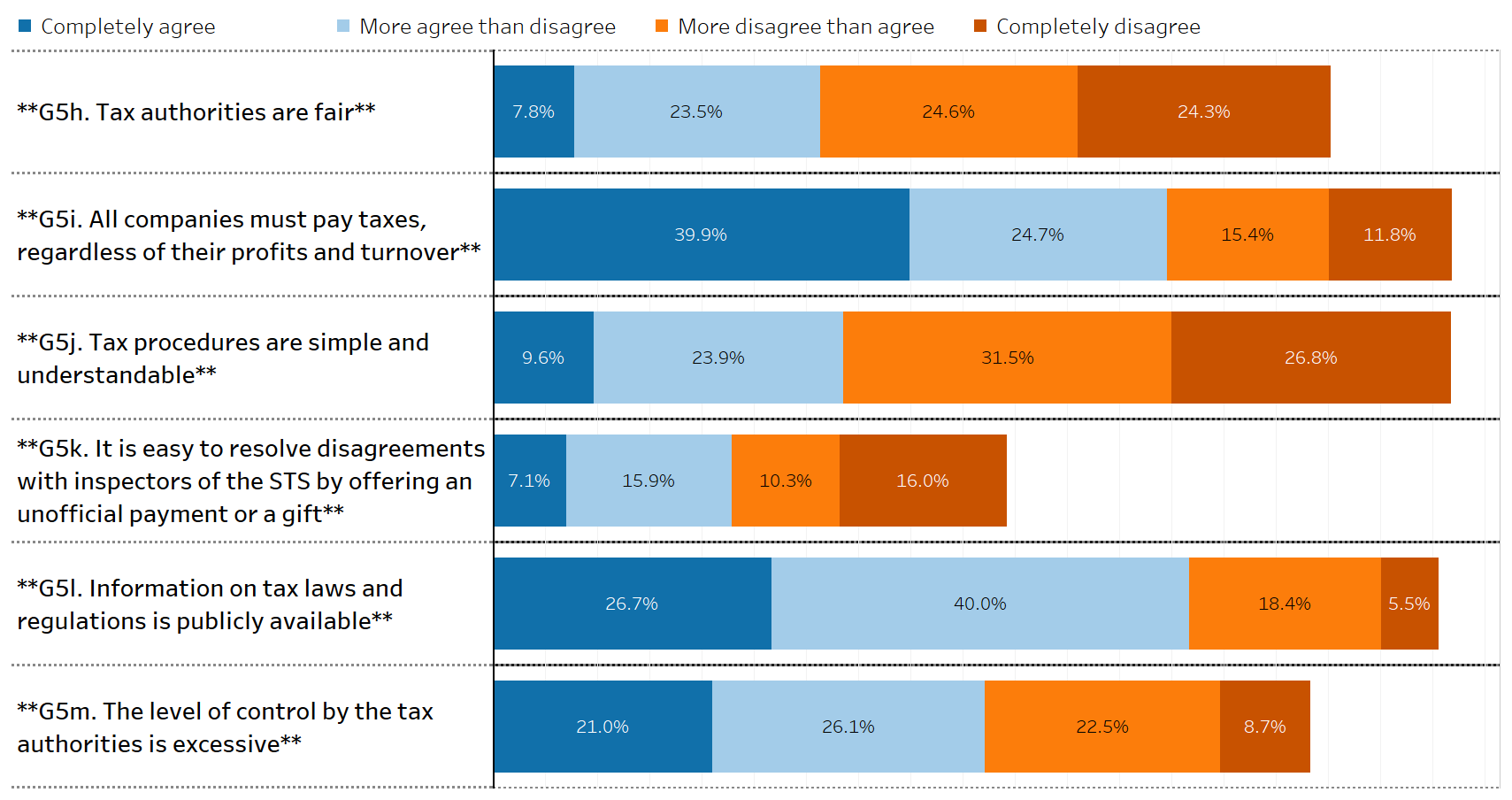
**Figure 14. An extent to which specific aspects tax compliance system presented problems to businesses in 2023 (percentage of respondents)**

1. **Businesses report that they approve of the digital services offered by the Ukrainian tax authorities.** Electronic submission of tax reports was particularly well-regarded, with 81.8 percent of respondents rating it as "Good," and only 11.1 percent expressing dissatisfaction. Similarly, the Electronic Office (<https://cabinet.tax.gov.ua/>) was positively viewed by 78.3 percent of users, though 15.7 percent felt it needed improvement (see Figure 15).
2. **Feedback on other services was mixed, with many respondents unsure about their quality.** The ZIR Public Information and Reference Resource (<https://zir.tax.gov.ua/>) was positively rated by 35.2 percent of businesses and negatively rated by 17.8 percent, while 46.8 percent were either unaware of or undecided about the service. Similarly, the State Tax Service’s role as an electronic trust service provider received a 45.4 percent approval rating, but 43.8 percent of respondents either did not use it or refrained from evaluating its quality. Information services from the Call Center were also mixed, with 32.3 percent positive ratings and 26 percent negative, and 41.7 percent either not using the service or not offering an opinion. Similarly, Call Center chat-bot and email services had limited engagement, with only 29.1 percent rating them positively, 20.4 percent expressing dissatisfaction, and 50.5 percent not using or evaluating these channels.

**Figure 15. Evaluate the quality of the provision of services by tax authorities and their client focus**

1. **Ukrainian taxpayers see tax payments as beneficial, but costly services and complex procedures remain major concerns.** Most respondents (42.2 percent) fully agreed that paying taxes builds a positive business history, and 39.9 percent believe all businesses should pay taxes regardless of profit. Opinions on tax rates were split, with 31.4 percent of respondents strongly agreeing they were reasonable and 31.8 percent somewhat agreeing. The costs of professional tax services was raised as a concern, as 38.0 percent and 39.7 percent “completely agree” that bookkeepers and tax accountants are too expensive. Trust in the fairness of tax authorities is low, with only 7.8 percent fully agreeing, and just 9.6 percent reporting that they found tax procedures simple and understandable, while 31.5 percent disagreed. 40 percent of respondents agreed that tax information is publicly accessible (see Figures 16).

**Figure 16. Ukrainian Taxpayers Opinions on the Tax System[[10]](#footnote-11)**



1. **Taxpayers report that they primarily use the STS web portal for filing reports and staying updated on tax laws** (Figure 17). Nearly three-quarters (73 percent) of taxpayers reported that they accessed the portal to file reports. Another 45.9 percent reported that they visited to find news and updates on tax regulations, highlighting the portal’s role as a source of current information. 33.7 percent reported that they used STS web for taxpayer services such as payments and checking tax statuses; 25 percent used it for downloading tax forms; 28.8 percent accessed the portal for answers to questions in the information sections; 10.2 percent sought logistical information such as service center locations or queue information. Sole proprietors reported that they were more likely than legal entities to use the portal for filing (78.6 percent), accessing taxpayer services (37.4 percent), while legal entities led in using it for updates on tax laws (60.5 percent), and to get answers from the ZIR resource or Call Center (43 percent).

**Figure 17. Reasons for visiting the STS web portal (percent of respondents)**

1. **Respondents reported that digital platforms are the primary source of tax information for Ukrainian taxpayers.** The STS electronic cabinet was the most utilized resource, with 78.8 percent of respondents relying on it for tax information. Internet forums and other online platforms were the next most popular sources, used by 49.4 percent of taxpayers, underscoring the importance of digital communities in accessing tax-related content (Figure 18). 36.3 percent of respondents used the official STS website as their primary source of information; 25.2 percent requested official letters; 28.5 percent accessed laws and regulations databases; 21.5 requested specialized printed publications and used the “My Taxes” section on the STS website; 18.8 percent used the STS Telegram channel; 13.4 percent used the ZIR Public Information Resource; and 11.7 accessed entrepreneurial associations. Respondents report that the STS Facebook page (2.7 percent), infotax chatbot (7.9 percent), and STS YouTube channel (5.2 percent) were scarcely used.

**Figure 18. Please list all sources of information about taxes and tax laws that you use**[[11]](#footnote-12)

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1. **Respondents report that the electronic taxpayer office is the resource they most relied-upon.** Businesses with no employees reported using the electronic taxpayer office significantly more (50.2 percent) than businesses with with up to 50 employees (42.8 percent) (Table 11). The smallest businesses reported using internet forums and other internet resources more than larger businesses. There is also a slight gender difference: 49.6 percent of male respondents reported that they use the service compared to 42.6 percent of female respondents.

**Table 11. Three top STS electronic sources used the most in 2023 (percent of respondents)**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **No employee** | **Up to 50 employees** | **Over 50 employees** | **Total** |
| Online resources of the STS: the electronic taxpayer office | 50.2 | 42.8 | 35.3 | 46.9 |
| Internet forums and other Internet resources | 20.8 | 17.4 | 9.8 | 19.1 |
| Laws and regulations databases | 3.5 | 8.0 | 12.6 | 5.6 |

1. **Respondents report that electronic tax filing presents multiple challenges, with logic errors and lack of feedback from the STS being the most significant.** The most reported issue was logic errors when submitting new reports, affecting 46.4 percent of respondents (Table 12). Additionally, 24.7 percent reported lack of notification from the STS on introducing new forms and changing old reporting forms. Other challenges reported included difficulties in receiving STS messages (17.2 percent), complexity in obtaining online certificates (15 percent), and issues with the electronic office failing to save completed forms (9.3 percent). However, 23.3 percent of respondents reported no difficulties in electronic filing.

**Table 12. Problems faced, while filing for taxes *electronically, 2023 (percent of respondents)*** [[12]](#footnote-13)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **No employe** | **Up to 50 employees** | **Over 50 employees** | **Overall** |
| Logic errors when receiving a new reporting form, where it is necessary to re-send a document once the issues have been made good | 43.1 | 52.7 | 31.1 | 46.4 |
| Information messages from the STS are received in an inconvenient format | 19.1 | 14.7 | 8.9 | 17.2 |
| No information messages from the STS about modifying old or introducing new reporting forms | 24.5 | 25.2 | 23.7 | 24.7 |
| The electronic office does not save the completed form | 6.7 | 13.8 | 7.7 | 9.3 |
| No electronic forms are available on the STS Web portal | 2.6 | 4.1 | 0.8 | 3.1 |
| Tax report electronic forms are not received by the STS | 3.6 | 4.3 | 7.8 | 3.9 |
| There is some complexity in obtaining online services | 15.9 | 13.7 | 14.9 | 15 |
| Other | 0.9 | 1.3 | 0 | 1 |
| Have not faced any of mentioned problems | 23.7 | 22.6 | 26.9 | 23.4 |
| Have not submitted in electronic format | 0.7 | 0.2 | 0 | 0.5 |
| Does not know | 10 | 6.7 | 8.2 | 8.7 |
| Refused to answer | 3.1 | 0.7 | 0.3 | 2.1 |
| Failure to accept the electronic digital signature (EDS) or difficulty in the EDS system | 1.1 | 0.1 | 0 | 0.7 |

1. **The nature of the problems reported with electronic filing varies across business size and type.** Smaller businesses reported that they experienced the highest incidence of logic errors: it is 43.1 percent for businesses with no employees and 52.7 for businesses with up to 50 employees; 31.1 percent businesses with over 50 employees reported logic errors. Sole proprietors were more affected by missing information messages from the STS (20.3 percent) compared to legal entities (12.2 percent). Legal entities reported that they struggled more with the electronic office not saving completed forms (12.6 percent compared with 4.2 percent for sole proprietors).
2. **The relative importance of reported obstacles to doing business changed in 2023, compared to 2021**. In 2023, the most critical issue was low consumer purchasing power, reported by 41.8 percent of respondents, compared to 29.3 percent in 2021 (Figure 19). Corruption in permitting agencies and municipal authorities remained a major concern, reported by 25.9 percent of respondents (31.3. in 2021). 24.2 percent reported lack of a qualified workforce as an obstacle (15.8 in 2021). 23 percent reported complexity of laws and regulations as a problem. Issues with electricity supply were reportd as an obstacle by only 5.4 percent of respondents in 2021 rising to 29.6 percent in 2023.

**Figure 19. Most serious obstacles to doing business in Ukraine in 2021 and 2023**

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### Perception of General and Simplified Tax Regimes

1. **Lower tax payments were reported as the principal advantage for businesses under the simplified tax system.** Businesses under the simplified tax system without VAT most frequently report a lower total amount of taxes as a key advantage (55.7 percent), while those in the simplified system with VAT emphasized reduced tax accounting costs (40.8 percent). Businesses under the general tax regime with VAT valued the ability to work with a larger number of businesses (26.2 percent). Respondents in the general tax regimes, both with and without VAT, reported no advantages (47.3 percent and 35.8 percent, respectively). Lower probabilities of inspection and less attention from tax authorities were also reported as benefits primarily in the simplified tax system without VAT (see Table 13).

**Table 1*3*. *M*ain advantages of tax regime*s* in 2023 *(percent of respondents registered for a regime)*[[13]](#footnote-14)**

|  | **General tax regime with the VAT** | **General tax regime without the VAT** | **Single tax (simplified tax system) with the VAT** | **Single tax (simplified tax system) without the VAT** | **Overall** |
| --- | --- | --- | --- | --- | --- |
|  | percent | percent | percent | percent | percent |
| Lower total amount of taxes to be paid | 6.7 | 24.4 | 40.8 | 55.7 | 43.6 |
| Lower tax accounting cost | 3.2 | 11.1 | 32.2 | 40 | 30.7 |
| Lower probability of inspection | 3.1 | 3.1 | 11.9 | 15.9 | 12.3 |
| Less attention by the tax authorities | 3.5 | 6.1 | 13.1 | 16.5 | 13.1 |
| More attention by the tax authorities | 1.9 | 1.2 | 0.8 | 0.4 | 0.8 |
| Ability to work with a large number of companies | 26.2 | 6.7 | 10.6 | 9.6 | 12.2 |
| No advantages | 47.3 | 35.8 | 13.2 | 9.2 | 18.3 |
| Other | 0 | 0 | 0.5 | 0.7 | 0.5 |
| Does not know | 12.1 | 19.9 | 17.6 | 14.1 | 14.5 |
| Refused to answer | 4.2 | 3.6 | 6.9 | 2.9 | 3.4 |

1. **High taxes and compliance costs were reported the biggest drawbacks for businesses under the general tax regime.** Businesses under the general tax regime with VAT reported higher taxes (34.2 percent) and tax accounting costs (30.9 percent) as major drawbacks, along with increased scrutiny from tax authorities (30.2 percent) and a higher probability of inspections (27.3 percent). In contrast, businesses under the simplified system without VAT reported fewer drawbacks, with 30 percent reporting no disadvantages. However, inability to work with many businesses were most frequently reported by businesses in the single tax without the VAT (11.2 percent) (Table 14).

**Table 1*4*. *M*ain *dis*advantages of tax regime*s* in 2023 *(percent of respondents registered for a regime)*[[14]](#footnote-15)**

|  | **General tax regime with the VAT** | **General tax regime without the VAT** | **Single tax (simplified tax system) with the CAT** | **Single tax (simplified tax system) without the VAT** | **Overall** |
| --- | --- | --- | --- | --- | --- |
|  | percent | percent | percent | percent | percent |
| Higher total amount of taxes paid | 34.2 | 19.7 | 19.8 | 12.3 | 17.2 |
| Higher tax accounting cost | 30.9 | 15 | 6.1 | 6 | 11.1 |
| Higher probability of inspection | 27.3 | 16.5 | 3.9 | 5.4 | 10.1 |
| More attention by the tax authorities | 30.2 | 14.1 | 7.6 | 4.9 | 10.2 |
| Less attention by the tax authorities | 1.3 | 2.5 | 1.5 | 1.9 | 1.8 |
| Inability to work with a large number of companies | 1.1 | 2 | 4.2 | 11.2 | 8.2 |
| No disadvantages | 11.6 | 23.1 | 28.6 | 30 | 26.1 |
| Other | 0.1 | 0 | 0.3 | 0.1 | 0.1 |
| Does not know | 15.9 | 23.4 | 26.3 | 32.6 | 28.6 |
| Refused to answer | 2.3 | 3.8 | 8.1 | 4.3 | 4.1 |

### Tax Compliance

1. **Respondents report that businesses similar to their own underreport both revenue and wages for tax purposes.** On average, respondents report that similar businesses declare only 61.1 percent of their actual annual revenue for tax purposes. 43.5 percent of respondents report that similar businesses use unofficial wage payments to reduce tax burden, with some variation by size of businesses: businesses with up to 50 employees 48.2 percent, smaller businesses 40.9 percent, and businesses with over 50 employees 36.2 percent (see Table 15).
2. **Businesses reported that similar businesses use other strategies to reduce tax liabilities.** Businesses reported that similar businesses hired sole proprietors as contractors instead of directly employing individuals (36.2 percent of respondents), with some variation by size of business: larger businesses 41.5 percent, mid-sized businesses 39.5 percent, and smaller businesses (33.9 percent). Respondents reported that larger businesses are more likely to use other businesses to reduce tax liabilities (23.6 percent) compared to mid-sized (17.5 percent) and smaller businesses (13 percent). Additionally, 20.6 percent of respondents reported that similar businesses split into multiple entities to avoid taxes.

**Table 15. What measures do you think other businesses in this area use to reduce their tax burden?[[15]](#footnote-16)**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **No employees** | **Up to 50 employees** | **Over 50 employees** | **Overall** |
| Unofficial payment of wages (fully or partially) | 40.9 | 48.2 | 36.2 | 43.5 |
| Making use of sole proprietors as contractors of the business in lieu of employees | 33.9 | 39.5 | 41.5 | 36.2 |
| Use of other companies to minimize taxes | 13 | 17.5 | 23.6 | 15 |
| Use of insurance or lending-based schemes, etc. | 2.9 | 2.3 | 4.1 | 2.7 |
| Artificial splitting of business into several | 20.3 | 20.9 | 24.3 | 20.6 |
| Other | 0.2 | 0.5 | 1.8 | 0.3 |
| Does not know | 43.4 | 38.4 | 47.7 | 41.7 |
| Refused to answer | 4.8 | 2.7 | 3.2 | 3.9 |

1. **Respondents reported that flawed legislation and weak business ethics are enablers and drivers of tax reduction** (Figure 20)**.** 32.6 percent of respondents believe that "Imperfect laws or lack of legislation" allow businesses to exploit tax reduction schemes. Additionally, 29.1 percent of respondents attribute the use of tax reduction schemes to a "Weak sense of responsibility by businesses." 19.0 percent of respondents reported the ability to negotiate informally as a reason businesses can reduce their tax base. 39.3 percent of respondents reported that they "Do not know" what enables these schemes.

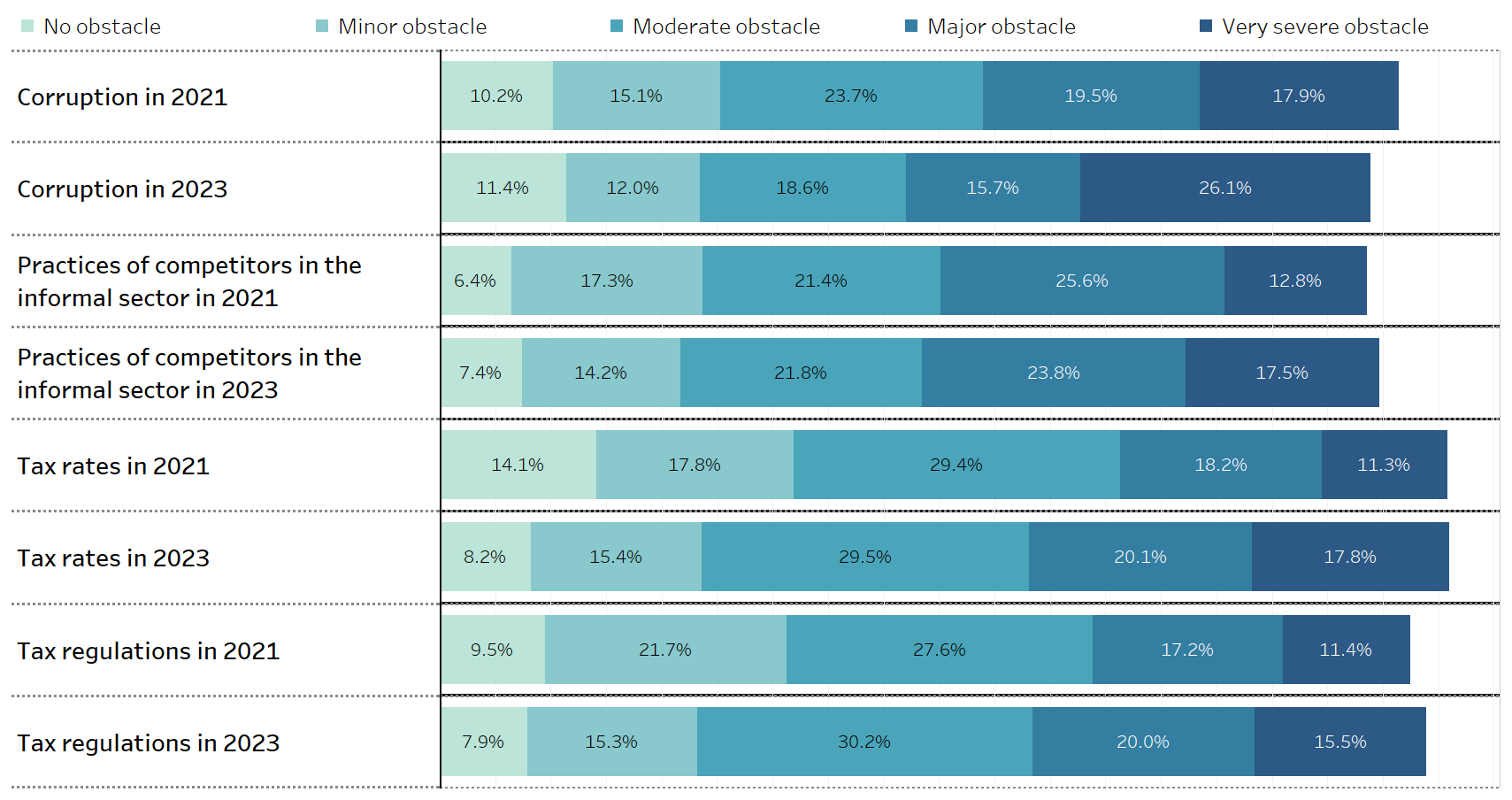
**Figure 20. What allows a business to use different tax base reduction schemes? (percent of respondents)**

A graph with blue bars

Description automatically generated with medium confidence

1. **Respondents report that obstacles related to corruption, informal sector practices, and tax issues have increased significantly from 2021 to 2023.** In 2023, 26.2 percent of respondents reported corruption as a very severe obstacle, up from 17.7 percent in 2021. Competition with informal sector was reported as a severe obstacle by 17.5 percent of respondents, compared to 12.8 in 2021. The share of respondents reporting tax rates as a severe barrier rose from 11.3 percent to 17.8 percent, and tax regulations saw a similar increase from 11.4 percent to 15.5 percent (see Figure 21). 32.0 percent of female respondents reported corruption as a severe obstacle compared to 23.0 percent of males.

**Figure 21. Obstacles to business operations (percent of respondents)**[[16]](#footnote-17)



1. **When asked to what extent unofficial payments to officials and representatives had a direct impact on their business most respondents found the question not applicable, were unsure, or refused to answer.** A minority of businesses reported that **unofficial payments had a direct impact on their business with little variation across the beneficiary of those payments: local and regional officials 17.9 percent; government officials 17.4 percent, and parliamentarians 17.3 percent.**[[17]](#footnote-18) A smaller group (4.6 percent to 6.2 percent) reported that these practices had a minor or moderate effect. The majority —69.2 to 71.3 percent — found the question not applicable, were unsure, or refused to answer.

**Figure 22. To what extent have the following practices had a direct impact on your business? (percent of respondents)**

## Conclusions

1. **This taxpayer perception survey provides a comprehensive view of the multifaceted experiences of Ukrainian taxpayers with STS.** The survey reveals a complex landscape where electronic services and staff professionalism are generally well-regarded. However, there is demand for clearer communication and more reliable digital services. While the adoption of electronic tax submission is high, with most businesses utilizing the taxpayer’s Electronic Office, persistent issues such as system reliability, user interface problems, and hardware limitations point to the need for ongoing improvements and support for digital tax solutions.
2. **Despite the Russia’s invasion and economic challenges, businesses continue to show resilience, particularly in the regions most affected by the conflict, notably Donetsk and Luhansk.** Many businesses have relocated since 2022, adapting to new market conditions by moving operations online or targeting new markets. However, adaptation has not fully mitigated the financial strain caused by the invasion. Smaller businesses in particular report deteriorating economic conditions and are struggling to manage the high costs.
3. **Tax compliance and associated costs are significant for businesses, notably so for the Single Social Contribution, Single Tax, and Personal Income Tax/Military Duty.** These taxes are seen as particularly burdensome in terms of compliance frequency and resource requirements. Frequent changes in tax laws and a lack of clear, accessible guidance from tax authorities exacerbate these concerns.
4. **Interactions between businesses and tax authorities show mixed experiences, particularly around tax inspections and the appeals process.** Larger entities more likely to receive formal documentation when undergoing inspections and are more likely to be assessed additional tax requests. While many businesses perceive fines as fair, many of those who disagree refrain from appealing due to a lack of confidence in the process, underscoring the need to enhance the transparency and trustworthiness of the tax appeal system.
5. **Service quality and taxpayer satisfaction with the STS are mixed.** Professionalism and politeness of STS staff are positively rated. Challenges persist in understanding tax legislation and accessing quality advice. While remote interactions and electronic submissions are generally well-received, there are complaints about the user-friendliness of these systems.
6. **Corruption, low consumer purchasing power, and the complexity of laws and regulations are consistently reported as major obstacles** **for businesses.** These issues create a challenging business environment, and raise concerns about the stability and predictability of the tax system, which affects businesses' ability to plan and invest.
7. **Focus group discussions support these findings, emphasizing the high costs of compliance, the frequent need for professional assistance, and the unstable regulatory environment.** Participants highlighted the need for more user-friendly and reliable electronic systems, clearer communication from tax authorities, and more stable and transparent tax policies.
8. **The survey provides an overview of the current state of taxpayer experiences in Ukraine, reflecting both progress and persistent challenges.** The findings provide well-documented insights that can be used by policymakers, tax authorities, and business stakeholders. These results identify entry points for improving efficiency, fairness, and reduction of compliance burden in the Ukrainian tax system.

## Annex 1: Survey Methodology

1. **The survey’s target population included all active taxpayers registered in the STS system**. STS sent a survey link to all active taxpayers across Ukraine. There was no sample selection at the data collection stage. In April-May 2024 3,169 registered taxpayers completed the survey. Participation varies widely across regions.
2. **The survey was pilot tested in April 2024 with 176 eligible respondents.** Respondents provided feedback on questionnaire which informed the final survey design.
3. **Data were subject to three types of checks on data entry: range checks, skip patterns and consistency checks.** Range checks ensured that every variable in the survey contains only data within a limited domain of valid values. Skip patterns verified that the right questions are asked to each respondent depending on his or her characteristics or on the answer given to previews questions. Consistency checks verified that the answer to one question is consistent with the answers given to other questions.
4. **The collected data was cleaned through the following steps:**

* Generate a clone of the variable that would be cleaned.
* Name the new cloned variable as “the original variables + \_r”.
* Add “- Revised” to the question name of the cloned variables.
* Translate from Ukrainian language to English language the text entries of all variables, including “other” responses.
* Categorize text entries of open-ended questions where possible.
* Cross-check translated text “other” entries if response could be grouped under existing choices, if the respected choice is already chosen, then the text response would be converted to missing.
* Use “replace” command condition related to unique identity keys that are called “uda\_id” in the datasets.
* Remove outliers for integer responses that are more than 3 standard deviations away from the mean, which are considered extreme and could distort results.
* The largest three areas that respondents’ business operate at were asked three questions. For the first question (the largest area that business operates), “Refused to answer” and “Does not know” choices were replaced with choices that were chosen in the second or third largest business operation area.
* The choice “Mining industry and quarry development” was merged with choice “Processing industry” in business operation area questions.
* The following oblasts were merged:
  + Donetsk and Luhansk
  + Kherson and Zaporizhzhia
  + Zakarpatiia and Chernivstsi
* For breakdown questions: oblast, gender, business size, and sector: refused to answer and does not know responses were converted to missing.
* For Likert questions, refused to answer and does not know responses were converted to missing. Each point on a scale was assigned a score and then averages were calculated.

1. **Item non-response was addressed by imputation, particularly, to address in the daily salary cost of tax accounting and compliance.** The imputation process involved the following steps:

* Stratification: Ukraine's 24 oblasts were grouped into five geographical regions (west, east, south, north, center), and businesses were categorized by turnover. This resulted in 15 distinct strata with the purpose of dividing the sample into homogeneous groups (stratum).
* Calculation of Stratum Averages: For each stratum, the arithmetic mean, geometric mean, and median of reported daily salaries for staff involved in tax accounting was computed separately. The reflection of arithmetic mean, geometric mean and median imputation on cost estimates was elaborated in terms of precision and variance. The lower variance and higher precise cost estimates were obtained if arithmetic mean imputation is employed.
* Imputation Procedure: Item non-response in the daily cost variable were replaced with the corresponding stratum arithmetic mean for their respective stratum.

1. **Data analysis is subject to the following limitations:**

* Non-sampling error: This type of error includes all types of bias and error stemming from the list provided by STS.
* Non-response bias: This bias occurs when respondents who refuse to take part in a study are systematically different than those who participated in a survey.
* Question Interpretation: In a web survey, there is no interviewer to clarify questions or help respondents, which can lead to varied interpretations of the questions by respondents. This can result in inconsistent or inaccurate responses.
* Response Fatigue: Given the large number of questions or the length of the survey, respondents might experience fatigue, leading to rushed or incomplete answers, particularly towards the end of the survey.

1. **To treat high non-response rate, typical for web surveys, calibration by sector, legal entity type, and region was used** **to construct weights to conform to known population distribution** (Box 1).
2. **Weighted sample closely aligns with the STS database distribution by sector, legal entity, and size.** Table 1 shows distribution of control parameters in STS database, survey sample, and weighted sample.

**Box 1. Calibration Approach**

Calibration arises from a generalization by Deville (1988), and then by Deville and Särndal (1992), of an idea by Lemel (1976). It uses auxiliary information to improve the quality of design-weighted estimates. An auxiliary variable*,* also called a *calibration variable*, must have the following two characteristics to be considered in calibration:

1. It must be available for all sample units : and
2. Its population total must be known. U is the population space

The goal of calibration is to find the set of weights that differ as little as possible from a set of prior weights while ensuring that the weighted sample matches a set of target benchmarks (auxiliary variables). Calibration minimizes the distance:

Subject to the constraints:

Where the auxiliary vector , where denotes the calibration stratum, encodes the sample information corresponding to the target benchmarks . Since there is no unique way to measure the distance between w and b, calibration depends on the choice of the distance metric The two most commonly used weighting methods are raking, and linear weighting. While raking minimizes the cross-entropy, in linear calibration weights minimize the Euclidean distance. The choice of distance metric is much less important than the choice of auxiliary vector and corresponding population targets (Lumley 2010). Nonresponse bias in the sample means of responding units equals:

Here is the average response probability in the population, and are the population standard deviations of and , and is the population correlation between and (Bethlehem, Cobben, and Schouten 2011, 249). Weights reduce nonresponse bias to the extent that they break the correlation between response probabilities and the outcome variable of interest (Caughey and Hartman, 2017).

**Table 1. STS Database, survey sample and weighted sample comparison by entity, sector, and oblast**

| **Legal Entity Type** | **STS Database**  **(percent)** | **Unweighted Sample (percent)** | **Weighted Sample (percent)** |
| --- | --- | --- | --- |
| A sole proprietor (with or without employee) | 74.0 | 77.2 | 74.1 |
| A legal entity | 26.0 | 22.8 | 25.9 |
| **Classification of types of economic activity - KVED (upper level)** | | |  |
| Transport and communication activities | 0.0 | 2.15 | 0.0 |
| Agriculture, forestry and fisheries | 3.7 | 5.65 | 3.7 |
| Processing industry and Mining industry and quarry development | 5.6 | 4.89 | 5.6 |
| Supply of electricity, gas, steam and air conditioning | 0.2 | 0.32 | 0.2 |
| Water supply; sewerage, waste management | 0.2 | 0.69 | 0.3 |
| Construction | 2.9 | 4.07 | 2.9 |
| Wholesale and retail trade; repair of motor vehicles and motorcycles | 33.9 | 18.37 | 33.9 |
| Transport, warehousing, postal and courier activities | 4.9 | 2.08 | 4.9 |
| Temporary accommodation and catering | 3.0 | 1.48 | 3.0 |
| Information and telecommunications | 15.7 | 28.56 | 15.7 |
| Financial and insurance activities | 0.6 | 2.52 | 0.6 |
| Operations with real estate | 4.9 | 3.31 | 4.9 |
| Professional, scientific and technical activity | 8.0 | 11.52 | 8.0 |
| Activities in the field of administrative and support services | 4.4 | 3 | 4.4 |
| State administration and defense; compulsory social insurance | 0.5 | 0.22 | 0.5 |
| Education | 1.4 | 2.24 | 1.4 |
| Health care and provision of social assistance | 2.3 | 2.05 | 2.3 |
| Art, sports, entertainment, and recreation | 0.9 | 1.64 | 0.9 |
| Provision of other types of services | 6.8 | 3.85 | 6.8 |
| Activities of households | 0.0 | 0.25 | 0.0 |
| Other types of activity | 0.0 | 0.03 | 0.0 |
| **Oblast** |  |  |  |
| Vinnytsia | 3.8 | 3.9 | 3.8 |
| Volynska | 2.4 | 2.3 | 2.4 |
| Dnipropetrovska | 8.3 | 9.0 | 8.3 |
| Donetsk | 1.6 | 1.4 | 1.6 |
| Zhytomyrska | 2.7 | 2.1 | 2.8 |
| Zakarpatska | 2.6 | 1.3 | 2.6 |
| Zaporizka | 2.9 | 2.8 | 2.9 |
| Ivano-Frankivska | 3.1 | 1.7 | 3.1 |
| Kyiv region | 6.3 | 13.0 | 6.3 |
| Kirovohradska | 2.0 | 2.0 | 2.0 |
| Luhansk | 0.3 | 0.4 | 0.3 |
| Lvivska | 7.7 | 6.8 | 7.7 |
| Mykolaivska | 2.5 | 3.0 | 2.5 |
| Odesa | 6.7 | 4.4 | 6.7 |
| Poltavska | 3.4 | 3.2 | 3.4 |
| Rivnenska | 2.5 | 2.1 | 2.5 |
| Sumska | 2.1 | 2.2 | 2.1 |
| Ternopilska | 2.2 | 1.6 | 2.2 |
| Kharkivska | 7.8 | 7.2 | 7.8 |
| Khersonska | 1.0 | 1.1 | 1.0 |
| Khmelnytska | 3.5 | 1.8 | 3.5 |
| Cherkaska | 3.0 | 2.4 | 3.0 |
| Chernivetska | 2.1 | 0.8 | 2.2 |
| Chernihivska | 2.2 | 2.4 | 2.2 |
| Kyiv city | 17.2 | 21.1 | 17.2 |
| TOTAL | 100.0 | 100.0 | 100.0 |

1. **Categorical questions were disaggregated by region, business size, business type, and business operation area.** Chi-square (χ²) tests were conducted to assess the independence of categorical variables. A significance threshold of 0.050 was applied to the Chi-square tests. If the p-value is below 0.050, indicating a statistically significant association, the results are interpreted by the detailed breakdowns. If the p-value is above 0.050, suggesting no significant association, only the general results are interpreted.

1. *Tax compliance cost surveys: using data to design targeted reforms.*Investment climate in practice; No. 8. Business taxation note, World Bank, 2010 Washington, D.C. (<http://documents.worldbank.org/curated/en/371871468295501537/Tax-compliance-cost-surveys-using-data-to-design-targeted-reforms>) and Coolidge, Jacqueline;Ilic, Domagoj;Kisunko, Gregory. Surveying businesses on tax compliance costs. Washington, DC : World Bank Group, 2014 (https://worldbankgroup.sharepoint.com/sites/IBArchive/Shared%20Documents/Forms/AllItems.aspx?id=%2Fsites%2FIBArchive%2FShared%20Documents%2F2014%2FOfficialUseOnly%2FSurveying%20businesses%20on%20tax%20compliance%20costs%2Epdf&parent=%2Fsites%2FIBArchive%2FShared%20Documents%2F2014%2FOfficialUseOnly%2F). [↑](#footnote-ref-2)
2. *Tax compliance cost surveys: using data to design targeted reforms.*Investment climate in practice; No. 8. Business taxation note, World Bank, 2010 Washington, D.C. (<http://documents.worldbank.org/curated/en/371871468295501537/Tax-compliance-cost-surveys-using-data-to-design-targeted-reforms>) [↑](#footnote-ref-3)
3. *Due to insufficient number of responses for visit to tax office related questions, categories “up to 250 employees” and “over 250 employees” were combined.* [↑](#footnote-ref-4)
4. The number of responses vary by each disaggregation level therefore, the column total may vary slightly. [↑](#footnote-ref-5)
5. The number of responses vary by each disaggregation level therefore, the column total may vary slightly [↑](#footnote-ref-6)
6. The number of observations and response pattern significantly varies between a sole proprietor no employees and a sole proprietor with employees. Therefore, this estimates at a sole proprietor with employees’ level should be interpreted cautiously. [↑](#footnote-ref-7)
7. Except sole proprietors with no employees*.* [↑](#footnote-ref-8)
8. The number of responses vary by each disaggregation level therefore, the column total may vary slightly [↑](#footnote-ref-9)
9. Total percentages exceed 100 percent due to multiple selections allowed, reflecting that respondents could choose more than one option [↑](#footnote-ref-10)
10. *The options "Refused to know" and "Do not know" were accounted for in the calculations but are not depicted in the visualization.* [↑](#footnote-ref-11)
11. *The options "Refused to know" and "Do not know" were accounted for in the calculations but are not depicted in the visualization.* [↑](#footnote-ref-12)
12. *Total percentages exceed 100 percent due to multiple selections allowed, reflecting that respondents could choose more than one option* [↑](#footnote-ref-13)
13. *Total percentages exceed 100 percent due to multiple selections allowed, reflecting that respondents could choose more than one option* [↑](#footnote-ref-14)
14. Total percentages exceed 100 percent due to multiple selections allowed, reflecting that respondents could choose more than one option [↑](#footnote-ref-15)
15. *Total percentages exceed 100 percent due to multiple selections allowed, reflecting that respondents could choose more than one option* [↑](#footnote-ref-16)
16. *The options "Refused to know" and "Do not know" were accounted for in the calculations but are not depicted in the visualization.* [↑](#footnote-ref-17)
17. *In this analysis, "Minor" includes responses originally categorized as Minor and Moderate, "Major" includes responses categorized as Major and Decisive, and "N/A" combines Not applicable, Does not know, and Refused to answer.* [↑](#footnote-ref-18)