



UDC 658

TAXATION OF INTEREST INCOME IN THE EUROPEAN UNION

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Purpose and objectives. Purpose of study is to analyze the features of taxation of interest income. Objectives - analyze the features of domestic and foreign accounting practice of taxation of interest income.

Object and subject of research. The taxation of interest income of the enterprise in modern conditions.

Research results. The European Union's tax harmonization in the area of direct taxation is a complex and multistage process that challenges each Member state to adapt the specifications and problems of taxation on a national level to those of the Community. In order to overcome the tax competition and reduce tax evasion, the European Union, through Directives 2003/48 / EC and 2014/48 / EC, introduces new rules in the field of the tax treatment of interest income.

In a compliance with the EU regulations, every Member State is obliged to implement a tax on the interest income of individuals regulated under the National Personal Income Tax Act (PITA).

The interest income on deposits is one of the most rapidly changing tax bases. In order to ensure the proper functioning of the internal market and to address the problem of tax evasion towards savings taxation, the European Union is taking a number of legislative measures.

In 2003 the European Union undertook the first steps towards harmonizing tax rates on interest income on deposits and «overcoming existing violations of effective taxation of savings income in the form of interest payments», through Council Directive 2003/48 / EC of 3 June 2003 on taxation of savings income in the form of interest payments [1].

The scope of the Directive is limited to the taxation of savings income in the form of interest payments on a debt. It excludes issues related to the taxation of pensions and insurance income. At the territorial level, the Directive applies to interest paid by a paying agent, economic operator. Any legal establishment in a country of the European Union to which interest has been paid or guaranteed in favor of the beneficial owner is considered as a paying agent within the meaning of the Directive. Thus, the paying agent is the last link in the chain of intermediaries that pays interest directly to the beneficiary. It is particularly important to focus on the concept of «interest payment» as set out in the Directive, as its incompleteness leads to the adoption of a new supplement to the directive in question.

Interest payment is: interest paid or credited to an account related to debt collection of any kind; any income repaid or realized or credited to an account relating to securities of any kind; interest accrued or capitalized on the sale, debt claims redemption and any income accrued or capitalized on the sale, payment or redemption of securities; income earned on sale or redemption of shares or stakes as well as income from a life insurance contract [2].

Directive 2003/48 / EC have been implemented in the Member States since July 1, 2005th; the Member States are obliged to implement the provisions of the Directive by aligning them with local tax legislation. During the first three years of its implementation, it demonstrates its effectiveness within the limits set by its scope, as well as the shortcomings that the European Commission seeks to avoid.

In November 2014, based on a legislative proposal by the European Commission, and as a result of the first three-year report on the effects of the Directive implementation, in order to avoid

its imperfections and to improve its performance against tax fraud, has been inducted a new Directive 2014/48 / EC, the transposition of which in the EU countries should take place until 01.01.2016[3].

The main objectives of Directive 2014/48 / EC are:

- to strengthen the existing rules on the exchange of information on savings income, which in turn will lead to more efficiency in combating tax evasion;
- to promote the transparency approach and prevent individuals from circumventing the Directive, using as intermediaries foundations and trusts that do not ensure the effective taxation of all incomes from financial instruments covered by the Directive;
- to extend the scope of the Directive by supplementing it with financial instruments and instruments having characteristics similar to receivables but legally not classified as such [4].

Conclusions. Despite the attempts to improve the efficiency of interest income tax through the multiple legislative changes made at national level - through the Personal Income Tax Acts and at European level - by improving and extending the scope of the directives (Directive 2003/48 / EC and Directive 2014/48 / EC), public attitudes towards the tax payment on savings, which are presumably income taxed once upon receipt, are negative, which in turn is a precondition for the constant search for alternative ways of avoiding tax legislation, or at least reduce the tax burden. The introduction of this tax has led to a number of changes in the remuneration of ordinary current bank accounts and the emergence of new bank products that have the characteristics of savings accounts but not within the jurisdiction of Directive 2003/48 / EC, Directive 2014/48 / EC.

Basing on the research of English-language sources, we could come to the following conclusion that the main issue of launching startup is financing. These starting companies can be financed by venture funds, donations, that are not an investment securities, or, in fact, sales of investment securities and founders themselves, whether they have enough financial resources. However, the reasonable usage of finances is necessary, because excessive funding can cause more harm than give new opportunities to the young business.

Keywords: accounting practice of taxation of interest income; technology transfer; innovative activity; investment activity; competitiveness.

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