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## **DETERMINATION OF TAX RISKS IN THE FIELD OF BANK TAXATION**

Tax risks are essential in the financial management system of the bank, as the tax relations mediate most of its financial transactions and, therefore, are an important factor in determining their effectiveness. Implementation of tax risks substantially affects the results of tax planning of bank, because in the case of their uncertainty, the value of the tax burden can be calculated only approximately and in case of significant deviation could lead to economically inefficient managerial decisions on taxation, which in turn will affect the value of the bank's financial results.

Despite the relatively rapid development of the theory of risk management, it still contains issues related to the assessment of tax risk in the face of uncertainty and limited information. Thus, the purpose of the article is to deepen scientific developments in the field of tax risk and scientific and methodological principles of analysis of tax risks in the bank and coverage of features of calculation of the tax burden on the banks that caused the specifics of their activities.

In terms of banking supervision tax risks are treated as operational risks or events that cause potential risk to the existence of the bank

that occurs due to a lack of corporate governance, internal controls or inadequate information technology and information handling processes in terms of manageability, scalability, reliability, controllability and continuity.

Tax risk in terms of bank management is uncertainty in achieving bank goals, implying the existence of both negative and positive deviations as a result of financial and business, as well as tax activities.

For a detailed assessment of the impact of income tax on formation of banks' profits, the author carried out the analysis of the tax burden. Due to limited access to the data in bank tax reporting, tax burden calculations were conducted over financial reporting.

The tax burden allows determining the proportion of tax in the amount of the financial results of the bank. This indicator shows how much money the bank diverts to repay its tax liabilities. As a result of 2013, about 94% of the profits of the banking system of Ukraine are earned by banks and groups.

The results of the research of tax burden on the financial performance of banks in Ukraine showed that the average tax burden for the

period in the amount of 32.3% adequately reflects the level of banks. The maximum tax rate was in 2010 and amounted to 34.7%, due to the crisis and low profitability of banks. The tax burden amounting to 27.9% and 32.5% in 2011-2012 and stabilized after the crisis is permissible level of taxation to reflect international practice. Increasing the tax burden in 2013 to 34.1% is explained by cyclical conditions of the economy of Ukraine. International experience in banks' taxation indicates that the maximum level of tax burden on financial institutions should be 30 to 40% of income.

In case of exceeding the upper limit, the banks lose incentives to conduct banking activities, initiative and interest in the banking business. The resulting figure of the tax burden will allow comparing the tax burden on the banking sector with other sectors and draw conclusions about the quality of the use of state tax levers of banking regulation and taxation to evaluate the effectiveness of the banking system as a whole. Comparative evaluation for possible indicators obtained is possible only in the banking sector and can be used for cross-industry comparisons only conditionally, which determines directions for further research.