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## **CONCEPTUAL BASIS FOR DETERMINING FISCAL EFFICIENCY OF VAT**

For optimal socio-economic development of the country, it is important to increase revenues to the budgets at all levels. Value added tax (VAT) forms a significant part of budget revenues but it is a much smaller portion compared to the overall revenue potential. Therefore, analysis and tax collection effectiveness are extremely important at the present stage of socio-economic development.

According to the author, based on many economic studies, fiscal efficiency of VAT should be associated with the significance of tax in macroeconomic indicators such as revenues of the budget, the size of gross domestic product and tax revenues, etc.

Increasing the share of VAT in the state budget is indicative of increased fiscal efficiency of the tax. Relatively large size of the VAT share in the gross domestic product of Ukraine has a significant impact

on the gross domestic product redistribution process. This is due to the existence of VAT advantages over other taxes, including monthly payments to the budget, the relative ease of administration, especially in the case of introduction of electronic tax administration.

Definition of fiscal VAT efficiency is significantly complicated by the shadow economy in Ukraine. Obviously, such situation worsens indicators related to the fiscal effectiveness of VAT because actual statistics is far below the potential.

Based on the analysis of potential revenue and fiscal efficiency of VAT, it can be concluded that these indicators have a decisive impact on the economy of Ukraine, in particular, the external and internal conditions in which each individual entity conducts business. However, a significant problem that reduces the effectiveness of fiscal VAT is shadow schemes related to tax evasion.