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**Правдюк М.В.**

кандидат економічних наук, доцент,  
кафедри обліку та оподаткування в галузях економіки  
Вінницький національний аграрний університет

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## МІСЦЕВЕ ОПОДАТКУВАННЯ В УМОВАХ ДЕЦЕНТРАЛІЗАЦІЇ: НОРМАТИВНО-ПРАВОВЕ РЕГУЛЮВАННЯ

**Pravdiuk M. V.**

PhD in Economics,  
Associate professor of Accounting and Taxation Department in Economics  
Vinnytsia National Agrarian University

## LOCAL TAXATION UNDER CONDITIONS OF DECENTRALIZATION: LEGAL REGULATION

### **Анотація.**

У статті здійснено аналіз стану нормативно-правового регулювання інституту місцевого оподаткування, його роль і місце у податковій системі України в період децентралізації та адміністративної реформи. Визначено юридичний зміст поняття місцевих податків та зборів, особливості фіскальної та економічної функції місцевих податків і зборів. Розглянуто особливості справляння податку на майно, єдиного податку, збору за місця для паркування транспортних засобів та туристичного збору, функції органів місцевого самоврядування, що стосуються справляння місцевих податків і зборів відповідно до Податкового кодексу України. Здійснено аналіз основних проблем формування інституту місцевих податків та зборів на сучасному етапі та запропоновано шляхи подальшого удосконалення механізму його правового регулювання.

### **Abstract.**

The article analyzes the state of legal regulation of the institution of local taxation, its role and place in the tax system of Ukraine in the period of decentralization and administrative reform. The legal content of the concept of local taxes and fees, features of the fiscal and economic function of local taxes and fees are determined. Peculiarities of the property tax collection, single tax, parking fee and tourist tax, functions of local self-government bodies related to collecting local taxes and fees in accordance with the Tax Code of Ukraine are considered. The analysis of the main problems of formation of the institution of local taxes and fees at the present stage is carried out and the ways of further improvement of the mechanism of its legal regulation are offered.

**Ключові слова:** місцеві податки і збори, податкова система, децентралізація, територіальні громади, органи місцевого самоврядування.

**Keywords:** local taxes and fees, tax system, decentralization, territorial communities, local self-government bodies.

**Formulation of the problem.** Under conditions of decentralization, the issue of ensuring the growth of revenues to local budgets, with local taxes and fees as one of their main sources, is becoming of great relevance. Proper development of the institution of local taxation under conditions of decentralization requires appropriate regulatory and legal support of mechanisms for collecting local taxes and fees. It should be noted that the amendments to the tax legislation adopted in recent years are designed to ensure the functioning of a new model of the financial system of local self-government bodies, which should be formed on the basis of financial and tax decentralization reformation. In addition, there arise a number of problems, which need to be addressed, during the period of reforms in the field of collecting local taxes and fees. In addition, the strategic course for integration chosen by Ukraine requires the expansion of fiscal powers of local self-government bodies and introduction of effective mechanisms for

filling local budgets. Therefore, the problems of effective functioning of the local taxation system are relevant and need to be addressed promptly.

**Analysis of recent research and publications.** A number of scientific researches on the issues of effective functioning of the mechanisms of collecting local taxes and fees have been made by the scientists P. Bilenchuk, V. Blashchuk, T. Bondaruk, V. Borysenko, V. Hrechko, O. Kyrylenko, V. Kravchenko, E. Kuzkin, P. Kucheriavenko, Y. Pasichnyk, K. Pavliuk, V. Pysmenyi, L. Savchenko, L. Sokolovska, H. Starostenko and others. Despite a significant number of publications on the legal support of the functioning of local budgets, the problem of formation of the institution of local taxes and fees in the process of decentralization and formation of affluent communities requires further research.

**Presentation of the research material.** Local taxes and fees are an integral part of the state tax system and one of the most important sources of financial support for local self-government bodies, without which

the socio-economic development of local communities is impossible.

Proper collection of local taxes and fees meets the interests of local communities on whose behalf local self-government bodies act. The purpose of local taxation is to provide local authorities with the funds necessary for accomplishing their goals and functions, which are at their disposal and concentrated in the relevant budgets [11, p.374].

Successful functioning of the institution of local taxes and fees is an effective mechanism for creating affluent territorial communities and an important element of the success of decentralization reform, as local taxes are one of the guarantees of local self-government. Although local taxes and fees are part of local budget revenues, they cannot be separated from national financial management [2, p.225].

Legal regulation of local taxes and fees is carried out at two levels (national and local) having their own characteristics. Thus, the state determines a full list of such mandatory payments, a range of taxpayers, objects of taxation, maximum rates, determines the powers of local self-government bodies to collect local taxes within the territorial community. When exercising the powers granted by the state, local authorities establish and regulate in detail the mechanisms for collecting local taxes and fees.

At the same time, local taxes and fees should be separated from national ones, as they have certain features, including the following: firstly, within fiscal powers, local self-government bodies exercise the right to introduce (cancel) local taxes and fees in the relevant territory, perform a regulatory function; secondly, local taxes are one of the sources of territorial communities' funds and come exclusively to local budgets; thirdly, local taxes are established and levied only in the relevant territory, so citizens have the opportunity to choose an acceptable level of tax burden [8, p.299].

There are many interpretations of the concept of local taxes and fees in the legal literature. Thus, according to N. Prots, local taxes and fees are statutory mandatory payments, which are credited to the local budgets of the respective territories. Local self-government bodies may differentiate tax rates within the rate prescribed by law, provide additional benefits to individual taxpayers, change payment deadlines. Unlike national analogues, local taxes and fees come in the amount of revenues, their payment can be periodic or single, they can be targeted (be implemented to reimburse the costs of local communities), i.e. a number of their features can be distinguished by the end user, role in the formation of budgets, targeting, frequency of payment [13, p.537].

N. Blashchuk considers that local taxes are "obligatory, non-target, gratuitous, non-refundable, unconditional and constant payments established by the decisions of local self-government bodies in the territory of the respective administrative-territorial unit and credited to its local budget; local fees are targeted, repayable, non-permanent payments, both mandatory and optional for the establishment by the decision of the local self-government body on the territory of the relevant administrative-territorial unit to compensate the cost of

services provided to the payer of local fees and credited to its local budget" [1, p. 8].

M. Chernovska notes that "local taxes and fees should form the part of the revenue base of local budgets in respect of which the central authorities have no authority. These funds should be the property of local self-government they rely on when performing their tasks and functions" [15, p. 297].

Article 8 of the Tax Code of Ukraine stipulates that "local taxes and fees are established in accordance with the list and within the limits of rates specified by this Code, decisions of village, settlement, town councils and councils of the united territorial communities established in accordance with the law and a long-term plan of formation of the territories of communities, within their powers and are obligatory for payment in the territory of the relevant territorial communities" [12].

Considering the above-mentioned, local taxes and fees can be defined as mandatory payments in the territory of the relevant territorial community, established by the state, administered by local self-government bodies and received by the budgets of territorial communities.

Local taxes and fees operate based on the principles set out in Article 4 of the Tax Code of Ukraine. They are as follows: 1) universality of taxation – every person is obliged to pay taxes and fees established by law, the payer of which he is; 2) equality of all taxpayers before the law, prevention of any manifestations of tax discrimination – ensuring equal treatment of all taxpayers regardless of their social, racial, national, religious affiliation, form of ownership of a legal entity, citizenship of an individual, place of capital origin; 3) social justice – the establishment of taxes and fees in accordance with the solvency of taxpayers; 4) a single approach to the establishment of taxes and fees – determination of all mandatory elements of the tax at the legislative level, etc.

The main features of local taxes and fees that distinguish them from national taxes and fees are as follows: 1) the establishment of local taxes and fees by the decisions of local councils (within their powers and in accordance with the Tax Code of Ukraine); 2) local taxes and fees are mandatory to be paid on the territory of the relevant territorial communities; 3) local taxes and fees are credited to the relevant local budgets (according to the Budget Code of Ukraine) [2, p.225].

At the present stage, the system of local taxation in Ukraine is based on the principles of the European Charter of Local Self-Government. Thus, Article 9 of the European Charter of Local Self-Government enshrines local self-government bodies the right to their own financial resources, which they are free to use within their powers. The amount of such financial resources of local authorities must correspond to the functions provided by the Constitution or law. Part 3 of Article 9 of the European Charter of Local Self-Government stipulates that at least part of the financial resources of local self-government bodies are formed at the expense of local taxes and fees, the amount of which they set in accordance with law [6].

The basis of the legislation on local taxes and fees is the Constitution of Ukraine, which enshrines basic provisions for the regulation of local taxation, namely paragraph 1 of Article 143 enshrines the right of territorial communities to establish local taxes and fees directly through local governments in accordance with the law and the Tax Code of Ukraine (hereinafter – TCU). Relations arising in the field of local taxes and fees, the procedure for their administration, taxpayers and fees, their rights and responsibilities, the competence of regulatory authorities, the powers and responsibilities of their officials in the administration of taxes and fees, liability for violations of tax legislation are regulated by the TCU. The TCU also provides a full list of local taxes and fees.

After the TCU adoption in 2011, the system of local taxation has undergone significant changes, primarily related to the composition of local taxes and fees – the number of local taxes and fees has been significantly reduced. Since 2015, according to Article 10 of the Tax Code of Ukraine, the fee for certain types of business activities has been abolished, and the tax on real estate other than land has been replaced by property tax, which, in its turn, includes property tax in terms of transport tax, land fees, tax on real estate other than land [12].

Since the independence proclamation, the structure of local taxes and fees has been constantly transforming. For example, before the TCU adoption, there were fourteen local taxes and fees (today there are five). For example, tourist tax has been introduced instead of hotel tax, and parking fee for the parking space has been introduced. Municipal tax and advertising tax has been abolished, as well as a number of local fees (market fee, fee for the use of local symbols, etc.).

However, not all scholars and experts consider it effective, because along with the elimination of “inefficient fees, there were eliminated local taxes and fees that accounted for 90% of revenues of such budgets (utility tax, market fee, fee for granting permission to place the objects of trade), while revenues from the payment of taxes and fees for various reasons minimally provided the needs for financial resources of local communities. According to E. Kuzkin, an important positive change was the transfer of single tax from the list of national to local ones, which increased their share in total local budget revenues, which was associated with an increase in the number of taxpayers. According to the scientist, a positive step was the abolition of a number of inefficient tax payments; simplification of the local tax administration system; streamlining the powers of local self-government bodies in terms of establishing and administering local taxes and fees; settlement of interaction of local self-government bodies with controlling bodies; introduction of a real estate tax, which in most European countries is considered to be one of the most effective local taxes; granting a single tax the status of a local one, which will expand financial independence of local budgets [8, p.306-307].

An important step was the adoption of the Law of Ukraine “On Amendments to the Tax Code of Ukraine” aimed to improve tax administration, eliminate technical and logical inconsistencies in tax legislation” of

January 16, 2020 [7]. In our opinion, normative regulation of the powers of local self-government bodies on the establishment of local taxes and fees is a very important step of the legislator under conditions of administrative-territorial reform and decentralization processes. Let’s consider these powers provided by the TCU in more detail.

The current TCU stipulates that the list of local taxes and fees, the establishment of which is within the competence of village, settlement, town councils and councils of united territorial communities, which are founded in accordance with the law and a long-term plan of the formation of community territories, is established by the Verkhovna Rada of Ukraine, while self-government bodies, within their powers, decide on the establishment of local taxes and fees and tax benefits for the payment of local taxes and fees until July 15 of the year preceding the budget period during which it is planned to apply local taxes and/or fees established (paragraph 12.1.2 of Article 12).

The TCU establishes a rather clear procedure for setting local taxes and fees. Thus, the bodies of local self-government and united territorial communities must decide on the establishment of local taxes, fees and tax benefits by July 15 of the year preceding the budget period in which it is planned to apply the established local taxes and/or fees, and on amendments to such decisions.

Local self-government bodies are obliged to determine the mandatory elements of taxes and fees, in particular, the object of taxation; tax base; tax rate; the procedure of tax calculation; tax period; term and procedure of tax payment; term and procedure of submitting reports on tax calculation and payment (Article 7 of the TCU).

Having made a decision, local self-government bodies are obliged to send the copies of decisions and information on the rates and tax benefits for the payment of local taxes and/or fees in the form prescribed by law to the supervisory authority within ten days.

The TCU also obliges to compile summary information on the amount and date of setting the rates of local taxes and/or fees, tax benefits and submit it to the central executive body that implements the state tax policy. The controlling bodies are obliged to submit reports to the local self-government bodies (on the amounts of accrued and paid taxes and/or fees, amounts of tax debt; amounts of deferred and deferred monetary obligations, etc.) (paragraph 12.3.3).

The central executive body implementing the state tax policy must publish on its official website a summary of the amount and date of setting the rates of local taxes and/or fees, tax benefits in the relevant territories. It should be noted that in case of errors in this information, the taxpayer is exempt from fines and penalties (paragraph 12.5).

In addition, within ten days from the date of approval of technical documentation on regulatory monetary valuation of land, the local government body submits information on regulatory monetary valuation of land to the supervisory authority and the central executive body, which implements state policy in the field of

land relations, and the central executive body must publish a summary of the conducted regulatory monetary valuation of land on its official website.

The TCU sets a deadline for decision-making (July 15 of the year preceding the budget period) and promulgation of the decision (July 25). If such decision has not been made, taxes and/or charges shall be levied in accordance with the rates that are in force until 31 December of the year preceding the budget period during which such local taxes and/or charges are to be applied. Based on the fact that in accordance with paragraph 10.21 of the TCU, single tax and property tax are mandatory to be established (in terms of transport tax and land fees, except for land tax for forest lands). Therefore, if no decision has been made, these taxes are levied in accordance with the rates in force until 31 December of the year preceding the budget period (paragraph 12.3.5).

The TCU prohibits village, settlement, town councils and councils of united territorial communities from setting individual preferential rates of local taxes and fees for certain legal entities and individuals – entrepreneurs and individuals or exempting them from paying such taxes and fees.

Thus, the current tax legislation establishes the following powers of local self-government bodies:

- setting the rates of local taxes and fees within the rates set by the TCU;
- determination of the list of tax agents;
- decision-making on the establishment of local taxes and fees, change of their rates, object of taxation, procedure for collection or provision of tax benefits, which causes changes in tax liabilities of taxpayers and which comes into force from the beginning of the budget period.

The decision of the local government (on the establishment of local taxes and fees; on changes in the size of rates, etc.) is a normative act on taxation of local taxes and fees.

The Code stipulates that local taxes include property tax and single tax, while local fees include a fee for parking spaces for vehicles and tourist tax, and the following elements must be determined during tax assessment: taxpayers; object of taxation; tax base; tax rate; procedure for tax calculation; tax period; term and procedure for tax payment; the term and procedure for submitting reports on the calculation and payment of tax (Article 7 of the TCU).

Local councils must establish single tax and property tax (in terms of transport tax and land fees, except for land tax for forest lands) and decide on the establishment of property tax (in terms of real estate tax, other than land) and establishment of a fee for parking spaces for vehicles, tourist tax and land tax for forest lands (Article 10) [12].

The property tax collection mechanism is regulated by Chapter XII of the TCU. According to Article 265, property tax consists of the tax on real estate other than land plot; transport tax; pay for the land.

Thus, payers of the tax on real estate other than land are individuals and legal entities, including non-residents, who own residential and/or non-residential real estate. Taxpayers pay it at the place of location of

the taxation object. This tax is credited to the relevant budget (Article 265). To simplify the tax payment procedure, the TCU has introduced a rule according to which individuals can pay the tax in the village and settlement through the cash desks of village (settlement) councils or councils of united territorial communities.

The TCU provides a list of those objects that cannot be taxed (for example, residential and non-residential real estate owned by public authorities, local self-government bodies; family-type orphanages; dormitories).

As for the tax base, it is calculated by the supervisory authority for individuals, and independently for legal entities. For legal entities, it is calculated by such persons independently based on the total area of each individual object of taxation on the basis of documents confirming the ownership of such object.

Local self-government bodies establish tax exemptions for residential and/or non-residential real estate owned by individuals or legal entities, public associations, charitable organizations, and religious organizations of Ukraine.

The TCU determines the maximum rate for this tax, so that it may not exceed 1.5 percent of the minimum wage established by law on January 1 of the tax (reporting) year, per square meter of the tax base. The rates are approved by the decision of the local government.

As for the transport tax, it is paid at the place of registration of the objects of taxation and is credited to the relevant budget of the territorial community. Taxpayers are owners of cars registered in Ukraine and manufactured no longer than five years ago (inclusive) and the average market value of which is more than 375 minimum wages established by law on January 1 of the tax (reporting) year.

Tourist tax is a local tax, the funds from which are credited to the local budget. Payers of the fee are citizens of Ukraine, foreigners, as well as stateless persons who arrive at the territory of the administrative-territorial unit, where the decision of the village, settlement, town council or council of the united territorial community on the establishment of the tourist tax in places of residence (overnight stay) (item 268.2.1 of the TCU) is valid.

The law provides an exclusive list of those persons who cannot be taxpayers (for example, persons living in this territory and members of their families of the 1<sup>st</sup> and 2<sup>nd</sup> degree of kinship, the disabled, children under 18, etc.)

The rate of tourist tax is set by the decision of local self-government bodies. The maximum rate is up to 0.5 percent for domestic tourism and up to 5 percent for inbound tourism from the minimum wage set by law on January 1 of the reporting (tax) year, for one person per day of temporary accommodation.

The TCU determines the base and procedure for its collection. As for the powers of the local self-government body, it has the right to decide in which places of temporary accommodation of tourists the collection will be carried out. The list of these places is established in paragraph 268.5.1 of the TCU (hotels, campsites, hostels, tourist bases, etc.). In addition, the decision of



the local self-government body approves a list of tax agents.

The law obliges to publish these decisions on the official website of the village, settlement, town council or the council of the united territorial community.

The fee for parking spaces for vehicles is collected in accordance with the decision of the local government by persons (individuals and legal entities) who organize and carry out activities to ensure parking of vehicles on paid parking lots and specially designated parking lots.

The decision of the local self-government body approves the list of special land plots that are subject to taxation, allocated for the organization and implementation of activities to ensure parking of vehicles. This can be a plot of land, an area of communal garages and parking lots built at the expense of the local budget. Their location, total area, technical equipment, number of parking spaces for vehicles must be specified in the decision.

The rate is also set by the relevant decision with a limit of up to 0.075 percent of the minimum wage established by law on January 1 of the tax (reporting) year (Article 268-1 of the TCU).

Payment for land is a mandatory payment as part of property tax, which is collected in the form of land tax or rent for land plots of state and communal property (paragraph 14.1.147 of the TCU). On the general grounds, land tax payers are owners of land plots, land shares (units) and land users (Article 269).

The legislation provides two options for collecting land tax: in the case of regulatory monetary assessment (which must be approved by the decision of local self-government bodies) and under the absence of such an assessment.

The TCU also establishes benefits for the payment of land tax for individuals and legal entities, provides a list of land plots that are not subject to land tax, sets the tax period, calculation procedure and terms of payment of land tax.

Single tax is one of the stable sources of the local budget replenishment. Single tax is paid by businesses that apply a simplified system of taxation, accounting and reporting. Tax rates, reporting and payment conditions depend on the group, which the entities belong to. According to paragraph 10.2 of Article 10 of the TCU, local councils must establish single tax.

Fixed rates of the single tax are set by village, settlement, town councils or councils of united territorial communities for individuals – entrepreneurs engaged in economic activity depending on the type of economic activity, per calendar month in accordance with Article 293 of the TCU.

According to Articles 64 and 69 of the Budget Code of Ukraine, single tax is credited to the general fund of local government budgets (village, settlement, town and unified territorial community's budgets) [4].

It should be noted that according to a large number of scholars and experts, a number of norms of the TCU do not meet basic international standards for building local tax policy, in particular those defined in the recommendations of the Council of Europe. Such requirements include granting local self-government bodies

the right to set rates within the limits sufficient to ensure funding for local programs; determination of benefits and exemptions for local taxes and fees by the decision of local self-government bodies, etc.

Considering these principles, the decision to abolish the market fee and the fee for the right to use local symbols is controversial, as this has led to large losses of revenues by certain groups of local budgets.

According to Kuzkin's research, the system of collecting a tax on real estate other than land remains imperfect. Despite the fact that the tax base has been expanded and the tax rate has been increased, the real estate tax remains an inefficient and significant financial instrument for local self-government. According to the scientist, "rent as part of the payment for land is almost entirely consistent with the characteristics of local taxes and fees. Lack of the opportunity for the local self-government bodies to influence the determination of benefits and land tax rates... does not contribute to the development of the land market and increase of incomes to local budgets. The need for annual indexation of rates, in contrast to the approach of linking them to the minimum wage, does not improve land tax administration". The scientist notes that local self-government bodies of most European Union countries consider a land tax to be the most effective one given the possibility of expanding the tax base and the impact on rates, the importance of its regulatory and incentive functions.

The determination by taxpayers of parking fees only for business entities "actually turns it into a concession of part of the territory (land) of the local council, which limits the introduction of technical devices for parking (parking meters), which are common in the world, in Ukraine and poses a significant threat of corruption". For example, in the EU countries, payers of the fee are the owners of vehicles who pay for the right to park, and collection of the fee is entrusted to the relevant companies [8, 308].

Based on the norms of the TCU, legal regulation of local taxes and fees has its specificity, as it is carried out at two levels: national and local. The state determines a full list of such mandatory payments and establishes the basis for their collection empowering local self-government bodies to impose such taxes in the relevant territory. While exercising the powers granted by the state, local self-government bodies, in their turn, establish and regulate in detail the mechanism for collecting local taxes and fees, as well as put them into effect. Therefore, regulation of local taxation is carried out both by tax laws and a number of other regulations that determine the competence of local self-government bodies in the field of taxation, the specifics of building a budget system, as well as by the decisions of local self-government bodies concerning local taxes and fees.

The problems that arise when collecting local taxes and fees are caused by their features, namely: 1) special significance of local taxes and fees for ensuring proper development of territories, the most complete meeting the needs of population in these territories; 2) the fact that local taxation is in the stage of its formation, as evidenced by their small share in local

budget revenues; 3) lack of relationship between the level of public services provided in a particular area with the tax burden on the population; 4) uncertainty of numerous procedures related to the mechanism of calculation, planning of local taxes and fees; 5) inefficiency of certain tax rates, which does not allow to ensure stable revenues to local budgets [14, p. 86-87].

Representatives of the scientific community and experts more and more often express the opinion that there is a need to give territorial communities the right to introduce taxes and fees at their own discretion, since local self-government bodies know the level of socio-economic development, and therefore can choose the most effective taxes and fees; they are interested in the effectiveness of such taxes and fees (enhancement of the capacity of the territorial community, creation of a favorable investment climate, etc.). However, this approach is not supported by all since they believe that it could lead to the increased tax pressure on taxpayers, uncontrolled growth of taxes and fees, reduction of the interest of local self-government bodies in collecting national taxes and fees.

We share the opinion on the expediency of introducing the taxation model, according to which local self-government bodies will have the right to introduce taxes and fees in addition to those defined by law. However, the legislation should provide the requirements for these taxes and fees and formalized procedures of their introduction and administration. Such local taxes and fees should not duplicate national taxes. It is also appropriate that the local authorities have the right to impose their taxes and fees only after all mandatory taxes and fees, if there are objects of taxation or conditions associated with their introduction. In this case, the statutory list should include the most effective taxes and fees. This can be achieved only if taxes comply with generally accepted principles of introduction, the main of which should be the principle of economic efficiency, i.e. tax revenues should exceed the cost of its collection.

**Conclusions.** Local taxes and fees are one of the effective mechanisms for formation of the resource potential of local self-government bodies and a source of social and economic development of community territories. Nowadays, the institution of local taxation occupies an important place in the tax system of our state. In recent years, significant steps have been taken in Ukraine to financially decentralize and strengthen the resource base of local self-government bodies. Amendments have been made to the tax legislation concerning the collection of local taxes and fees, in particular, inefficient taxes, administrative expenses higher than the revenues from such taxes and fees have been eliminated; new cost-effective taxes have been introduced; the list of types of taxable objects has been expanded; tax rates have been changed; the list of taxpayers has been expanded; some national taxes have been attributed to local taxes, etc. However, the local taxation system is still at the stage of reformation and adaption to EU legislation. At the same time, it needs further reformation, improvement of regulatory framework, bringing it in line with European standards. Consider-

ing the experience of previous years on tax system formation in Ukraine, the legal framework of local taxation should provide the fiscal function of local taxes and fees in order to form affluent territorial communities, strengthen financial stability and independence of local budgets, perform the tasks on regional development, ensure favorable socio-economic policy for the development of entrepreneurial activity in territorial communities.

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**Sotchenko Yevhen**

*Applicant at the Department of World Economy and International Economic Relations*

*Mechnikova National University of Odessa Ukraine*

ORCID ID: <https://orcid.org/0000-0002-4503-2351>

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## WHAT SHARE FOR BLOCKCHAIN TECHNOLOGY INTO STEEL INDUSTRY? CURRENT STATE AND FUTURE DEVELOPMENT OF FOREIGN PAYMENT ACTIVITY OF MODERN METALLURGICAL COMPLEX

### **Abstract.**

*The purpose of the article is to analyze the current state of foreign trade in the industrial blockchain of the steel industry, the existing digital platform has gradually formed a large-scale heterogeneous distributed environment. The problems of further development of the metallurgical complex of Ukraine in the world electronic system of international cooperation are determined. **Methodology.** The survey is based on a*

*Blockchain technology is an interlinked systematic chain of blocks that contains transaction history and other user data. It works under the principle of decentralized distributed digital ledger. **Results.** Experimental tests prove that production companies, logistics, international payments and consumers can participate in the information certification of steel products via the modern information system. Consumers can understand the real product manufacturing process, effectively avoiding the incomplete information and low transparency in the traditional information traceability process, and effectively trace the quality of steel products. The system provides an effective payments scheme for promoting the transformation and upgrading of the modern technology steel industry.*

***Practical implications.** In view of the low transparency of information traceability of current steel products and the defects of information islands, in this article the blockchain-based steel smart contract payment technology quality traceability system is developed and adopted the alliance chain mode and the new digital blockchain platform.*