

**APPEAL OF THE
of the Reporting and Election XV Congress of the All-Ukrainian Non-
Governmental Organization "Taxpayers Association of Ukraine" to the
legislative and executive authorities**

Kyiv, Ukraine

November 29, 2023

We, the delegates of the Reporting and Election XV Congress of the Taxpayers Association of Ukraine, at a difficult time for Ukraine, when the fate of our country is being decided, appeal to representatives of all branches of government to listen to the voice of the Ukrainian civil society.

Despite the difficult times and martial law in the country, the Taxpayers Association of Ukraine, accumulating all its efforts, has not stopped its work for a moment and continues to work on the main tasks facing business and the state.

The Association welcomes the efforts of the Ukrainian authorities to preserve the unity of the country, increase its defense capabilities and credibility in the international arena in order to minimize negative phenomena in all spheres of the country's life.

At the same time, we cannot ignore the lack of structural reforms in all sectors of the Ukrainian economy. We are all well aware that Ukraine is going through difficult times and it is simply impossible to win the war without the functioning of business. After all, business, by paying taxes, provides the country with resources to continue its defense. The adaptability of Ukrainian business brings our victory closer. However, instead of support, the pressure on business continues by classifying taxpayers as "risky", blocking tax invoices/adjustment (TI/AC) calculations, rejecting the Taxpayer Data Tables that should be taken into account for further, unconditional, automatic registration of TI/AC, etc. Once again, we insist on the introduction of personal liability, in particular, of the Chairmen or Deputy Chairmen of the Commissions for suspension of registration of tax invoices/adjustment calculations in the Unified Register of Tax Invoices at the Main Departments of the State Tax Service in the regions and in Kyiv, depending on who made an unlawful decision regarding the taxpayer to classify it as a "risky" taxpayer, block TI/AC or reject the Data Tables.

The years 2020-2021 and 2022-2023 will definitely go down in history as the years of business "survival", as even the most powerful enterprises adjusted their business plans and became a real challenge for small and medium-sized businesses.

Regarding the reboot of the State Tax Service and the State Migration Service of Ukraine, it is necessary to hold official transparent competitions for all positions of category A and B, as long term stay of the heads in the status of acting heads does not ensure the effective work of these bodies. Therefore, the Law of Ukraine of May 12, 2022, No. 2259-IX "On Amendments to Certain Laws of Ukraine on the Functioning of the Civil Service and Local Self-Government during the Period of Martial Law" should be amended as soon as possible to remove the simplified procedure for entering civil service positions and positions in local self-government bodies during the period

of martial law. This will make it possible to appoint experienced, professional managers through transparent and open competitions.

Businesses still have many questions about the activities of the customs and tax authorities. The Ukrainian business community expects certain steps from the state to support the economy and business in particular.

It should be noted that the Association once took a very active part in the preparation of the Law of Ukraine "On the Economic Security Bureau of Ukraine", including in the Working Groups. The Law on the Economic Security Bureau was adopted, and the service was established. However, to our great regret, the work of the newly created body was ineffective. This new state executive body has not demonstrated the expected efficiency in its work, transparency in its activities, zero tolerance to corruption, nor has it shown any positive trends in the direction of introducing a new methodology for identifying economic risks, a new modern model for preventing economic and financial crimes, which is so important for the future development of Ukraine. We consider it expedient to immediately start the process of rebooting the Economic Security Bureau of Ukraine, the need to ensure its effective work is caused, first of all, by the large losses of our country due to various abuses, especially in such a difficult time for our country. And as soon as the Economic Security Bureau of Ukraine reduces pressure on business and makes the country's financial system transparent, it will finally restore public confidence in state law enforcement agencies.

The authorities need to ensure that law enforcement agencies do not unlawfully interfere with the business activities of business entities, analyze and properly assess existing cases of such interference.

There are no real actions to fight corruption. In the context of war, in order to overcome the internal enemy-aggressor, it is necessary to intensify the fight against the internal "economic enemy": corruption, shadow economy, raiding, offshoring, etc. Therefore, the reboot of the Economic Security Bureau, the State Customs Service, and the State Tax Service are crucial institutional anti-corruption changes.

Protecting the rights and legitimate interests of taxpayers is our main statutory task, so we express our concern about the current situation in the tax sphere.

Tax reform should be carried out in order to improve the investment climate, which includes reducing the number of taxes, their size, the number of inspections, and the absence of raider seizures.

For more than 7 years, the Association has been appealing to the authorities to replace the income tax with a tax on withdrawn capital, as well as to reduce the total tax burden on the wage fund to the target of 25% by combining personal income tax and single contribution into one tax, etc.

The government must ensure that everyone is equal before the law, offer stable and clear rules for business, agreed with the public, because the credit of trust granted to it is decreasing dramatically. The government has no right to internal conflicts. It needs to act quickly and in a coordinated manner.

We are convinced that only a united effort of the government, business and the public will give a new impetus to the development of entrepreneurship in Ukraine, restore trust in the authorities, and become a stable source of revenue for budgets at all levels.

The state should protect the interests of honest taxpayers and ensure transparency of budget spending, as well as access to information on the effective use of budget funds for public organizations and taxpayers. It is imperative to review the budget expenditures for the maintenance of executive bodies that are not directly involved in the defense of the country against the enemy and to reduce them significantly. And we look forward to seeing the government cut public spending instead of increasing the ability to arbitrarily withdraw funds from the economy.

Tax payment is an important element of a developed state, but it is meaningless without transparent and efficient use of the funds received by the state.

We believe that the business climate in Ukraine and reliable partnerships between the government and business will improve when each party realizes that it is responsible for violations: the taxpayer for failing to fulfill its obligation to pay taxes, and the controlling authorities for their illegal actions.

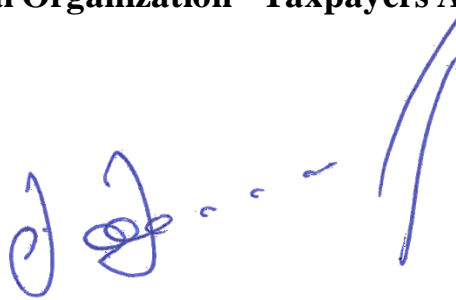
The Taxpayers Association of Ukraine declares that it will continue to focus its activities on solving problematic issues in the field of taxation in order to achieve a balance of interests between the state and business, to form a tax culture of taxpayers and to fulfill their civic duties in good faith.

We are confident that through the joint efforts of both business and the state, we will be able to continue to provide financial support to the Armed Forces of Ukraine to continue to resist the aggressor, which is the key to Ukraine's victory in the war.

Delegates of the Reporting and Election XV Congress of the Taxpayers Association of Ukraine

By order of the delegates of the Reporting and Election XV Congress of the All-Ukrainian Non-Governmental Organization "Taxpayers Association of Ukraine"

President of the Association

A handwritten signature in blue ink, consisting of several loops and a long horizontal stroke, positioned between the text 'President of the Association' and 'Grigol KATAMAZE'.

Grigol KATAMAZE