

REGULATORY AND LEGAL SUPPORT OF TAX POLICY IN TRANSCARPATHIA IN 1944-1946

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Annotation. A study of normative legal acts adopted by the People's Council of Transcarpathian Ukraine in the period 1944-1945 aimed at forming the tax system of Transcarpathian Ukraine was conducted. The structure of the financial and tax authorities of the region, their powers, the system of state and local taxation was studied, which allows us to draw certain conclusions about the state and legal direction of Transcarpathian Ukraine.

Key words: Transcarpathian Ukraine, tax system, finance, legislation.

1. Introduction.

The taxation activity of the state is an important economic factor, and therefore, tax systems of different countries are the subject of theoretical and practical discussions aimed at developing concepts for the formation of effective tax mechanisms. This issue is also relevant for Ukraine. From this point of view, the study of regulatory and tax traditions of different regions of Ukraine will allow to create a tax system that is maximally adapted to the historical traditions of the Ukrainian people. Based on this, Transcarpathia is of significant scientific interest - the territory that at the end of the Second World War underwent a process of reformation from the democratic system of the Czechoslovak Republic, through the Hungarian fascist regime of M. Horthy, to the Soviet totalitarian system. It was during this period, from the autumn of 1944 to the end of 1945, that an administrative-territorial entity called "Transcarpathian Ukraine" existed on the territory of the region. A number of scientists have been engaged in its research for a long time, among whom, first of all, M. Makara, P. Stercho, P. Magochia, P. Mosny and others can be noted [1]. However, when studying this issue, the authors focused on general historical facts, leaving aside certain legal aspects.

2. The purpose of this article is a general analysis of normative legal acts adopted by the People's Council of Transcarpathian Ukraine with the aim of ensuring an effective tax policy in the territory of the region as a basis for the functioning of the entire national economy.

3. Presentation of the research material.

In times of war, all countries try to directly control the activities on which the existence of state structures depends. This was the situation in Transcarpathia in 1944-1946, and therefore the People's Council of Transcarpathian Ukraine (hereinafter referred to as the PCTU), as the highest state body in this territory, paid considerable attention to the problems of taxation, as well as the formation and operation of financial and tax authorities.

Already in December 1944, normative acts aimed at ensuring tax revenues to the budget of Transcarpathian Ukraine began to be adopted. The first such document was Decree No. 26 of 21.12.1944 "On the Collection of Taxes, Fees, Duties, Excise Duties and Other Public Contributions" [2, p. 16]. However, at the first stage, such acts were episodic and did not create a single centralized system. Therefore, in 1945, the People's Council began planned activities to create a comprehensive tax system. All state bodies of PCTU participated in

financial activities, but the scale of their financial activities and the degree of participation in it were different due to differences in the tasks and legal status of each of these bodies in particular.

The financial and tax authorities were created by the Resolution "On the Organisation of Financial Bodies" adopted by the People's Council of Transcarpathian Ukraine on 12 April 1945, which approved the Regulation on Financial Bodies [3, p. 95-96].

The structure of the financial and tax authorities of the region consisted of:

- Financial Department of the People's Council of Transcarpathian Ukraine;
- Separate financial departments in district centres;
- People's Bank of Transcarpathian Ukraine.

Heads of district financial departments, the head of the People's Bank and heads of branches of the People's Bank were appointed by the chairman of the People's Council of Transcarpathian Ukraine on the proposal of the Commissioner for Finance, and all other employees of financial institutions were appointed by the Commissioner for Finance alone. At the same time, all financial institutions were independent of the District and City People's Committees.

The main financial body in Transcarpathia was the financial department of the People's Council, whose first head was Dr Yurii Ivashko. The task of the main financial department was to carry out effective taxation activities, the main purpose of which was to form the material basis for the implementation of state functions.

The financial department was responsible for:

- a) senior management of financial bodies;
- b) management of income and expenses, management of all property of Transcarpathian Ukraine, as well as state funds, if they were not subordinated to other departments of PCTU according to individual decrees or resolutions;
- c) managing the alienation of state property;
- d) preparing and implementing the budget of the Transcarpathian Ukraine together with the Accounting Department of PCTU, as well as supervising its implementation by the authorities;
- e) ensuring foreign exchange and other monetary transactions, managing public credit and debts, participating in the nationalisation of banks that remained after the Hungarian occupation;
- f) management of tax policy in the country, settlement of all issues related to taxes, duties and excises;
- g) liquidation of all property relations of Transcarpathian Ukraine with Hungary and Czechoslovakia;
- h) consideration of cases in which it is permissible to appeal against decisions of individual financial departments;
- i) resolving and reviewing cases that belonged to the jurisdiction of the Commissioner of PCTU in financial matters.

The structure of the Financial Department consisted of sections (departments), in particular:

- a) presidium;
- b) section of direct state taxes and turnover tax;
- c) stamp and legal fees section;
- d) department of excises and customs duties;
- e) section of land taxes;
- f) section of banking and currency affairs;



g) department of local budgets.

For the direct implementation of the state financial policy, separate financial departments were organized at all district centers. Their powers included:

- a) collection and use of all state taxes and fees, collection of fines, imposition of other financial penalties;
- b) assignment and calculation of tax duties, calculation of fines and penalties for violation of laws and orders of state authorities;
- c) keeping records of taxpayers, tax and other charges;
- d) control over taxpayers in the area of timeliness and amount of tax payments, correctness of tax returns;
- e) supervision of municipal authorities for compliance with the limits of use local budgets.

To ensure financial and banking operations, the People's Bank was created with its center in Uzhhorod, which was subordinated to the Commissioner of the Financial Department of PCTU.

The main tasks of the Bank were defined as follows:

- a) conducting financial and currency transactions;
- b) liquidation of nationalised banking institutions in Transcarpathia.

In order to fulfil its tasks, branches of the People's Bank were established in the district centres, which were subordinated to the central office.

Of course, the activities of all financial bodies, first of all, focused on tax collections, the task of which was to ensure the financing of public expenditures.

Therefore, on 20 April 1945, Decree No. 53 "On the Establishment of State and Local Taxes and Fees" was approved, which abolished all Hungarian laws on taxation and established new fees in Transcarpathian Ukraine. The formation of the new system was based on the principle of territoriality, so all taxes were divided into state and local [4, p. 101–112].

The main state taxes include:

a) personal income tax. The object of taxation included wages of citizens of Transcarpathian Ukraine, as well as all other incomes of the population. One-time bonuses and rewards, holidays and other benefits were not subject to taxation. The amount of income tax, depending on the salary received, could range from 3 to 12 per cent of earnings. Pensioners, employees earning less than the minimum wage (200 pengé), heroes of the Soviet Union, and state prize laureates were exempted from paying income tax. In addition, the Commissioner of the People's Council could establish additional benefits for certain categories of the population.

b) income tax on cooperatives and public organisations.

The following were taxed:

- organisations and enterprises of all co-operative systems;
- enterprises and economic bodies of public organisations (trade unions, voluntary associations) that carried out production economic activities, as well as rest homes, sanatoriums, clubs, cultural centres, etc;
- industrial and economic artels and joint-stock companies;
- private insurance companies;
- credit societies and savings banks;

Newly established enterprises that worked on local raw materials and economic enterprises owned by parties and public organisations (publishing houses, sanatoriums, rest homes, etc.) were exempted from the tax. Income tax was calculated on the sum of the profit and the percentage of profitability of enterprises or organisations.

c) turnover tax on individuals and enterprises. The following amounts were to be collected:

- turnover of movable property;
- various services;
- export of goods abroad.

Services and turnover of movable property of an official, charitable and educational nature, services and turnover of movable property of state institutions were exempted from taxation; The Commissioner for Financial Affairs of PCTU was given the right to establish additional benefits in order to support certain economic interests.

The payers of this tax were entrepreneurs who carried out independent permanent or periodic profitable activities.

The amount of the tax could vary from 2 percent of revenues (food transactions) to 20 percent (alcoholic beverage transactions).

d) turnover tax on state, municipal and cooperative enterprises. This tax was paid according to a similar procedure to the previous type, applied to state and municipal enterprises, enterprises of all cooperative systems and public organisations, and was paid in the amount of 1 to 15 per cent.

The system of state taxes also included land tax and rent tax, the procedure for payment of which was determined by a separate procedure. An interesting state levy was also the tax on excess wartime profits. This tax was levied on trade speculators, agents, intermediaries and other entrepreneurs who used wartime conditions to make excessive and easy profits and increase their capital. Excessive and easy profit was considered to be the profit of various trade or entrepreneurial activities, which exceeded the normal amount of commercial and entrepreneurial profit by at least 10%. This tax was determined simultaneously with the income tax in the amount of 10% of profits [4, p. 106-107].

In addition, in the territory of Transcarpathian Ukraine, special payments related to the provision of certain services also operated in the tax collection system. These included:

- 1) a single state duty, the payment of which was collected from the actions of state bodies, as well as for the execution of state documents. Such actions and documents included lawsuits, cassation appeals, issuance of court orders, certification of contracts and wills, copies of documents, facts and circumstances, other notarial and court documents [5, p. 18-19].
- 2) fees for grain milling and oil production [6, p. 86–88].

Along with state taxes and duties, the People's Council of Transcarpathian Ukraine created a fairly extensive system of local fees. It included: tax on buildings; land rent; tax on entertainment events; tax on vehicle owners; market tax; tax on livestock owners and some others.

The sums received for the payment of state taxes, except for the land and income tax from the cooperative, were credited to the budget of PSTU, and the sums received from the payment of local taxes and fees, as well as the state land tax and income tax from the cooperative were credited to the budget of the relevant district, city and village people's committees.

Local people's committees were forbidden to introduce and collect taxes and fees not provided for by the main Decree, as well as to increase the rates of taxes and fees.

The taxpayers were registered on the basis of applications and other certificates of the taxpayers themselves and their declarations. In addition, the objectivity and comprehensiveness of such accounting was ensured by the materials of state inspections of enterprises and organisations, for which tax officials were granted free access to the taxpayers' premises and the right to request accounting documents and other materials.

The effective functioning of the tax system was secured by the creation of an extensive system of punitive measures, primarily through the application of administrative and criminal legislation. The most typical violations and penalties in the financial sector were defined:



- 1) non-payment or incorrect payment of tax and duties by taxpayers, which resulted in an administrative fine of 20 to 1,000 pengé.
- 2) failure to submit a tax return within the appropriate timeframe resulted in a fine of 10% of the tax amount.
- 3) failure to submit tax returns was punishable by a fine of 25% of the tax amount or criminal liability.
- 4) the submission of intentionally incomplete or incorrect data and information in declarations and other reports was subject to criminal prosecution.

Administrative fines and criminal liability for non-payment or concealment of tax were entrusted to the heads of district financial departments.

4. Conclusions.

Thus, during 1944-1945, an extensive taxation system was created in Transcarpathia, which allowed to meet the urgent needs of the national economy of the region in the last period of the Second World War and to ensure relatively normal financing of the state system. At the same time, a full analysis of the regulatory framework aimed at ensuring tax revenues allows us to note a certain social orientation, which manifested itself in the possibility of obtaining a number of benefits and easing the tax burden for certain segments of the population.

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