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ASSESSMENT OF THE PRINCIPLES OF FAMILY HOLDING TAXATION

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Abstract. The article analyses the possibilities, constraints, and problems in applying the principles of taxation in agriculture. A research of family holdings in Lithuania revealed that, following the tax reform, the application of taxation principles in agriculture is limited due to the specific characteristics of agriculture. However, the tax reform rendered the tax system in Lithuania more equitable and the application of other principles in agriculture had no decisive influence. With respect of the viability of farmer holdings, the implementation of the taxation principles appears problematic due to the high tax calculation costs, frequent changes in legislation that is not adapted for agriculture, establishment of a wrong personal income and land tax base, and limitations to permitted deductions, rather than the increased tax burden. The article gives recommendations on the tax policy measures that can help to improve the implementation of the taxation principles in agriculture.

JEL codes: H200, H240, Q140.
Key words: taxation, taxation principles, farmers, farm viability.
Reikšminiai žodžiai: apmokestinimas, apmokestinimo principai, ūkininkai, ūkių gyvybingumas.

Introduction

Taking into account the type of business, each business operator shall pay certain taxes and contributions relevant to their business activities. Residents, who are engaged in agricultural activities, i.e. farmers and their partners, are also subject to taxes and contributions. Farmers and their partners collaborate with financial institutions, such as the State Tax Inspectorate, the Social Insurance Fund, and the Patient Fund and consequently they have certain rights and duties.

For a long time, Lithuanian farmers and other persons engaged in agricultural activities were not subject to income tax or state social security and health insurance contributions and enjoyed other tax incentives. The recent financial crisis in the whole world, including Lithuania, necessitated numerous changes related to taxes and contributions imposed on the farmers. Furthermore, there are plans to make further changes in the tax regime in respect of farmers and other persons involved in agricultural activities. This is based on several aspects: politicians think that the shrinking budgetary revenue requires further revenue sources, economists believe that agricultural activities are becoming a profitable business, while in the scientists' opinion, the taxation of this business sector has failed to follow the principles of taxation and consequently it is considered to be a faulty practice.

Therefore, in all respects, it is relevant to analyse the taxes and contributions imposed on the farmers, to assess whether they are in conformity with the principles of taxation and to what extent they influence the viability of the farms.

The aim of the research is to assess the specific features of the implementation of taxation principles in agricultural business in order to allow for the farms to remain viable.

The tasks of the research include:

1. to analyse the specific features of agricultural activities in the context of taxation;
2. to identify the possibilities and constraints of applying taxation principles in agricultural business;
3. to offer recommended tax policy measures that allow for the farms to remain viable.

1. Scientific Justification of the Research Problem

Taxation principles represent the rationale for application of different taxation methods (Dubatauskas, 2009). A tax policy is highly pertinent to the state budget and its social policy. Therefore, improvements to the taxation system must take account of the reasons for taxation. Since taxes are the basis for state budgetary revenues, it is often argued that tax increases are the most appropriate tax policy measures. However, in the case of marginal taxation there is a point when the tax revenues start decreasing (Novošinskienė, Slavickienė, 2005). Due to an increased tax burden, tax payers tend to misrepresent their incomes, which leads to the grey economy. However, according to Gylys (2006), it is obvious that both business entities and households have to "pay" for what they get from the state, since only free goods (sunshine, air, etc.) are free of charge. Therefore it is necessary to bear a heavier burden of taxes in order to get more and better quality public goods supplied by the state.

However, according to Novošinskienė ir Savickienė (2008), if the rates of economic operator income taxation are overly increased, it tends to undermine economic initiative and consequently curtails possibilities for economic growth. The authors of the article share the view of Cosmo, Mierzwa (2010) that the greatest secret of taxation

lies in generating maximum tax revenues at minimum tax collection costs with respect of the tax-payers' ability to pay taxes.

To create a sound tax system, it is essential to take into account the tax-payers' ability to pay taxes and the burden born by business entities since it is them who the national economic development depends on (Štreimikienė, Mikalauskienė, 2006; Gylys, 2006). Thus, taxes play an important role in the lives of individual persons and the whole country. Consequently, to secure an efficient and rational tax system from the perspectives of both the tax-payers' and the state, the taxes must be mutually consistent to avoid multiple taxation (Kasios, 2006).

High profit or income taxes act as a brake on the active efforts of economic operators. If a type of activity or its result becomes the subject to taxation, it has to be considered whether allocation of resources for such activity is gainful. The state must collect taxes without prompting reduction in active efforts. In Lithuania, this issue was faced by agriculture when the agricultural reform led to agricultural business being included into the single taxation system. Then the problem of the extent to which the new farmer taxation system is in conformity with the taxation principles became more acute.

In the 18th, century Adam Smith identified four essential requirements for a perfect tax system, which have become classic requirements (Смит, 1964):

- the amount of tax to be paid by the tax-payer depends on the economic capacity of the holding, i.e. on the assets and revenues rather than on the social status, caste origin or various privileges;
- the amount of tax and the payment terms must be stipulated in clear and explicit terms: the state knows how much money it will get and therefore the payer of the tax must clearly know how much and where the tax should be paid and what is the due date;
- all taxes must be collected at the time and place that are convenient for the tax-payer for only in such case there is a maximum probability for the taxes to be paid;
- tax collection must be cheap because if collection is expensive and the tax amount is insignificant, the state will not only fail to generate revenue, but it will also incur costs; in such a case, taxes generating no revenue or low revenue should be abandoned.

In spite of differences of experts' and scientists' opinions, nowadays the most common taxation principles include the principles of

- equity;
- cost effectiveness;
- administrative simplicity;
- tax revenue productivity and elasticity.

Equity. According to this principle, taxes are subject to general objective rules, which are broadly recognised as fair and reasonable. Furthermore, tax shall be payable by those who use the services provided by the state since they get something (that may not exceed the tax paid thereby) and consequently they must pay. However the ability of the tax-payer to pay must be taken into consideration. In this respect, equity considerations may be based on the concepts of

- horizontal equity, which requires uniform principles of taxation to be applied with respect of all individuals with an equal economic potential to pay taxes;
- vertical equity, which says that differently situated individuals should be subject to different amounts in taxes.

According to Nightingale 2000, taxes must be fair since otherwise there will be more attempts of tax evasion. Therefore it is argued that a faulty tax system rather than the tax-payers should be hold responsible for tax evasion (Nightingale, 2002). Turnovsky (2008) emphasises that the state should be paid to protect the "life and property" of the tax-payers; that being the case, taxation must be "in proportion to income" (Turnovsky, 2008).

A. Gomulowicz (2006) points out that the taxation principle may serve the starting point in framing practical **tax** legislation. This implies that taxation rules must be applied in the taxation system in order to recognise the precedence of the state in the field of taxation and to promote the adoption of behaviours that are desirable by the state.

Cost effectiveness. It requires taxes to promote rather than impede the achievement of economic goals (economic stability, growth, full employment), not to distort resource allocation, and not to compromise employability but, on the contrary, to stimulate it. Taxation should not reduce minimum consumption or have a negative effect on economic motivations. The impact of taxation on economic drivers can be twofold:

- *revenue effect* — when the income of a tax-payer reduces due to the taxes paid thereby, which promotes saving and efficient work in order to recover the lost income;
- *allocation effect* — when the income level relatively decreases and no incentive remains to launch innovations, to save or to continue operation.

Administrative simplicity. This principle highlights that tax collection must be easily implemented. It should not pose problems to the tax-payers, while the tax collection costs must be minimal and they should account for a smallest possible per centage of the tax. Thus, taxes must be simple, so that the tax-payers could understand their responsibility and would know much and when they are required to pay (Nightingale, 2002).

Tax revenue productivity and elasticity. Tax revenue productivity means an amount of revenues that is sufficient to cover the expenditure of the state (Imbrasienė, 2008). The revenue is secured by an elastic revenue tax system, which means that no new taxes are introduced, the rates do not increase, while the tax revenue grows faster than the tax base.

It's difficult and sometimes impossible to bring the taxation principles described above into line with one another since they offer contradictory solutions. It is problematic to accomplish the principle of equity coupled with greater tax revenue and higher cost effectiveness. This is because when the principle of vertical equity is applied, resource allocation is often distorted. Taxation rules complying with the requirements of the principles of tax equity and cost efficiency can be complicated and costly in terms of tax collection that leads to the risk of violation of the principle of administrative simplicity. Therefore there is a problem related to the compatibility of the said principles and different taxes (Slavickienė, 2010).

The Ministry of Finance of the Republic of Lithuania asserts that the main taxation principles, which were employed in designing the Lithuanian tax regime and which all tax legislation shall be compatible with, include: the principle of tax-payer equality (i.e. all tax-payers are equal in respect of the provisions of the tax legislation), equity and general applicability (i.e. taxes must be paid by all tax-payers in the manner prescribed by the tax legislation; a tax may have no exemptions of an individual nature; the tax administrator shall apply criteria of reasonableness in tax administration); and clarity of taxation (the content of tax liability shall be clearly defined in the legislation) (Ministry of Finance of the Republic of Lithuania).

Some farmers claim that taxes affect the changes in the viability of their operations. They express their dissatisfaction in the tax system and criticise it. Although farmers are offered certain exemptions, they earn relatively low incomes, while their activities are seasonal and subject to risks of natural conditions.

Subject to changes in the tax system, each farm size is determined by the economic size of the agricultural holding, which is expressed in terms of European Size Units (ESU). The tax rates depend on the actual ESU of the farm. Specific features of the agricultural business taxation system have been analysed by numerous national and international scientists.

Farmers are regarded as representatives of small high-risk (due to the natural effects) business, who should be offered special tax regimes, simplified schemes or, in case of those who earn the lowest incomes, they should even be exempt from income taxes (Jakštonytė, 2009; Orlovski, 2008; Kolosova, 2007). In western economies it is maintained that a simpler tax system with lower tax rates is most acceptable for small agricultural businesses. Therefore it can be concluded that the larger a farm, the heavier tax burden it will bear. Particularly many changes related to taxation were encountered by farmers who have the status of a natural person. Currently they are somewhat treated as legal persons: for instance since 2009 they must pay a tax on their revenue, which is similar to the profit tax payable by legal entities. Furthermore, a growth in the tax rates is envisaged, there are plans to fix closer values of the income tax rates and to make the tax progressive, it is intended to increase the land tax rates. Consequently, the tax burden in agriculture is going to increase as a result of higher tax rates, new taxes and contributions, and abandoned exemptions.

According to Grakauskas (2005), agriculture is characterised by involvement into business of all family members, including those who have working relations or study at schools/universities. It is considered appropriate to relate tax incentives for rural residents and primarily farmers not only with the revenue earned from the sold agricultural production, but also with family status, the number of children, the number of employed family members, investments into holding development, and expansion of alternative agricultural activities.

High rates of taxes will curtail possibilities of economic development and undermine business initiative. Furthermore, should the tax burden increase, it will inevitably lead to bankruptcy of small economic operators and to increased capital concentration resulting from the merger of large enterprises (Grakauskas, 2005).

Taxation of farmers suffers from low interest by scientists. The problem, which is recognised most frequently, is that large and small agricultural business operators may not be subject to the same rules of taxation. It is furthermore concluded that taxes should be levied with regard to the specific features of agricultural activities and their importance to the society. There are several fields of scientific research in this area, namely:

- impact of tax reform on the development of agricultural business (Johanessen, 1993; Juškevičienė, Lakis, 2010),
- smaller enterprises and farms cannot be subject to the same rules and principles of taxation as large business operators (Cosmo, Mierzwa,2010; Novošinskienė, Savickienė, 2008),
- reduction of income tax as one possible solution to reduce income inequalities between holdings (Zel, 1995; Fuest et al, 2008),
- impact of the amount of taxes, tax burden, and tax base on the economic viability of a holding (Grakauskas, Marcijonas, 2005; Juškevičienė, Lakis, 2010; Slavickienė, Savickienė, 2010).

Until 2009, persons involved in agricultural activities enjoyed a lot of tax incentives. Such a practise was based on two key principles of taxation: cost effectiveness and administrative simplicity. I.e. agricultural activities were unprofitable and thus tax administration would have been expensive while the tax revenue would be low. Consequently, agriculture was exempt from the income/profit taxes, while the social insurance contributions were reduced or there was no obligation to make them, because it was maintained that the property owned by the farm can be used for a living when the farmer gets old.

Since 2009, the tax burden in agriculture has been growing due to increasing tax rates, new taxes and contributions, and abandoned tax incentives. Currently, there is no difference between the taxation of agricultural operators and other legal entities except for the profit tax. Only farmers and their partners on a low income are subject to tax incentives (Slavickienė, Savickienė, 2010).

According to Grakauskas, Marcijonas (2005) high tax rates will curtail possibilities of economic development and undermine business initiative. Furthermore, should the tax burden increase, it will inevitably lead to bankruptcy of small economic operators and to an increased capital concentration resulting from the merger of large enterprises.

The main taxes levied on farmers include the land tax, compulsory health insurance contributions, and the profit/income tax of private persons. Those taxes may have a material impact on the viability of farmers or agricultural enterprises and consequently the research will look into the extent to which the agricultural business taxation after the reform of 2009 conforms to the taxation principles and does not lead to concerns with respect to farm viability.

2. Research Methods

By virtue of inherent contradiction of the taxation principles they are difficult to harmonise, therefore, most scientists (Bivainis, Skačkauskienė, 2007; Novošinskienė,

Slavickienė, 2007, Šinkūnienė, 2005 et al.) point out the most important ones that are usually called classical principles: 1) equity; 2) cost effectiveness; 3) tax revenue productivity and elasticity; and 4) administrative simplicity.

The following components are used to assess the fairness of taxation: 1) fair taxation on income 2) fair distribution of the tax burden.

According to the principle of equity, taxes shall be fixed based on general objective rules broadly understood as correct. This principle includes horizontal and vertical equity. According to horizontal equity, people with the same ability to pay taxes should pay the same amount of taxes. Vertical equity means that people with a different ability to pay taxes should pay a different amount of taxes (Borschete, Froissart, 2004). The equity principle includes two requirements (Zee, 1995): 1) *benefit*—taxes should be based on the benefits received by individuals from the taxes collected by the state and on the amounts of money received by the state to keep on financing such services; 2) *ability-to-pay*—taxes should be based on the ability to carry the tax burden. The requirements above cover the vertical and horizontal equity.

In practical terms, the issue of the equity principle in taxation was addressed by Zee (1995), Creedy (1999, 2001), Auerbach, Hassett (2002), Bivainis, and Skačkauskienė (2009). They suggest to measure equity from the social welfare prospective and in terms of tax burden indicators using the Gini Coefficient, Reynolds-Smolensky index and Atkinson index. Since the available data on agriculture are not sufficient, the authors of the article will measure equity using the methods of tax burden distribution suggested by Bivainis, Skačkauskienė (2009) after adapting them for agriculture, i.e. through the assessment of the following indicators:

- direct tax burden on family holdings, which is a ratio of the amount of direct taxes and social insurance contributions to the revenue of a holding. This indicator reflects the income per centage allocated for taxes (it reflects the total equity of the taxation system);
- effective tax rate on labour which is a ratio of direct and indirect taxes to the sum of social insurance contributions on income from employment payable by the employee and the employer and the total pay (it reveals the tax burden on labour income);
- effective tax rate on capital which is a ratio of all capital-related taxes (personal income tax of farmers, property and land taxes) to the sum of capital and business income (it shows the tax burden on capital income). The above criteria will be used to measure the equity of taxation in the field of agriculture in Lithuania.

The principle of taxation cost efficiency. The key requirement of this principle is to prevent taxes from interfering with economic objectives (economic stability, growth, and full employment) but, on the contrary, help to achieve them. Furthermore, the principle of cost efficiency requires not to distort the allocation of resources and not to compromise the employment capacities of individual persons. According to Borchette, Froissart (2004), tax efficiency, in principle, is the capacity of a tax base to achieve its goals. The measurement of this principle is based on the indicators specified in Table 1.

Table 1. Tax efficiency measurement indicator group (Bivainis, Skačkauskienė, 2009)

Measurement of the efficiency aspect	Indicators	Description of the indicator
Efficiency of the work and resource distribution	Impact on the decisions of the subjects	Analyses whether any special conditions for agriculture exist in the tax regime and looks into the implementation and consequences of such conditions.
	Complexity of identifying a tax liability	Judges whether most tax-payers in agriculture discharge their tax liabilities and whether those are clearly defined.
	Efficiency of tax base determination	The tax base is regularly revised in a statutory manner.

The principle of tax revenue efficiency and elasticity. Tax revenue efficiency means that the tax revenue should be sufficient to cover the expenditures of the state. Therefore, from the state's perspective, a preferred tax regime should fully secure the performance of its functions.

The authors of the article note that proposals on tax elasticity measurement are scarce. Usually the suggested assessment of elasticity is a classical one based on the ratio between the change in the tax revenue and the tax base, provided that the tax regime remains unvaried. However, the key weakness of this indicator lies in the fact that the changes of the tax system are not taken into account. Since the system of taxation of agricultural in Lithuania has recently seen frequent changes, the tax elasticity will be measured in an indirect manner, i.e. with the help of a questionnaire survey that reveals the approach of agricultural operators towards the tax scope and related changes.

Administrative simplicity in taxation. Taxes must be kept simple, easy to understand and they shall cause no discomfort to those who are subject to them. Furthermore, tax collection costs must be as low as possible and account for the smallest possible per centage of the tax. Administrative simplicity reduces tax evasion and decreases the costs incurred by the tax-payer and the tax administrator. The following assessment criteria will be used to measure this principle:

- tax administrator's assistance to the tax-payers;
- labour costs attributed to tax calculations.

The research included 250 holdings of at least 14 ESU each that are registered as VAT payers and are engaged in different agricultural activities. The results of the questionnaire survey and statistical date from the holdings were used to identify the key problems related to the taxation principles and to make recommendations.

A multi-criteria method of evaluation was used for an integrated assessment of the family holding taxation system from the taxation principle perspective. The evaluation was conducted by 5 experts specialising in taxation system. The assessment was based on the taxation principles described above and indicators pertaining to those principles.

3. Results of the Empiric Research

In terms of the principle of equity with respect of the respondents, the research investigated whether the taxation system has become fairer after the reform. The data in Table 2 lead to a conclusions that the tax burden is, to a large extent, affected by the social and health insurance contributions, whereas the tax burden born by the farmers remains relatively low compared to the average tax burden in Lithuania, despite the fact that after the reform it has increased two-fold. (Fig. 1). The tax burden in agricultural holdings is still low due the applied taxation base, i.e. ESU. The tax rates depend on the farm size in ESU.

It should be noted that subject to a different tax base—the taxable income—the tax burden becomes close to the average in Lithuania. Therefore, the selected tax base and a high state social insurance rate play a vital role; however to use the benefits provided by the mandatory health insurance one has to pay for them. (Slavickienė, Savickienė, 2012).

Table 2. Assessment of taxation equity in family holdings, 2006–2011

Indicators	2006	2007	2008	2009	2010	2011
Effective tax rate on capital	0.44	0.45	0.44	0.82	0.85	0.88
Effective tax rate on labour	33.6	33.1	33.0	33.0	32.9	33.00
Direct tax burden, %	1.38	1.40	1.50	3.5	4.0	4.49

This reasoning is backed up with the farmers' approach to the tax reform. They consider that the tax burden is not heavy, however, the complicated calculation of taxes, and the personal income tax in particular, create tax paying related difficulties. This problem was mentioned by all the respondents. Another problem identified by the respondents is that the work of farmers and their partners is not measured for tax purposes, i.e. it is not provided for measuring their work in money terms and attributing such expenditure to permitted deductions. That distorts the true and fair view of the financial and tax situation.

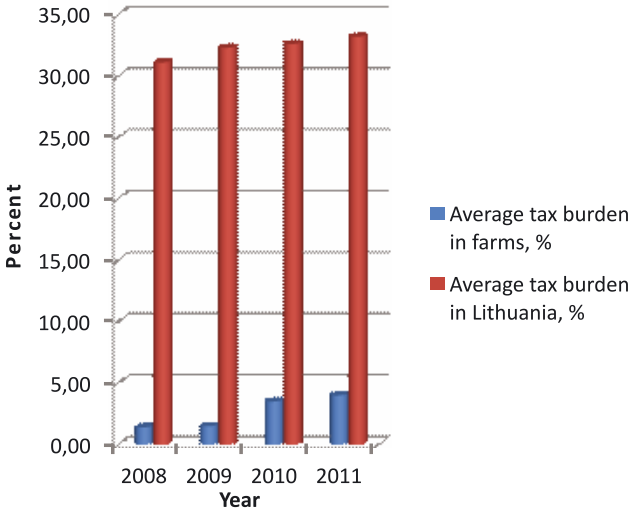

Fig. 1. Direct tax burden in family holdings in 2008–2011, %

To measure the vertical equity of taxation, the tax burden in farms is compared to the average tax burden in Lithuania. Fig. 1 shows that after the reform this principle has been applied more extensively, however the gap is still quite significant. This stems from the fact that agriculture is a strategic field of business; moreover family holdings in Lithuania are mostly viable only owing to the aid they receive. During the analysed period, the producer subsidy to gross profit ratio on average ranged from 65 to 100 per cent (Savickienė, Slavickienė, 2012). Therefore it should be noted that marginal viability exceeded the threshold five times, since the recommended ratio is 20 per cent (Scott, 2001).

Farmers are granted direct and compensatory payments. The payments are intended to support the income level of agricultural business operators or to compensate for loss of earnings. Such payments are attributed to revenue that is exempt from taxation. This tax incentive has a material impact on the results of farmer operations. It is important that the payments have a long-term lasting impact on the economic development of a farm as opposed to a short-term effect.

Meanwhile, the process of involving family holdings into the category of income tax payers is not completed. At the start of the reform, agricultural business operators were given a transitional period for income taxation: 5 per cent in 2009, 10 per cent in 2010, and 15 per cent in the subsequent periods. However an amendment to the law left the rates of the personal income tax and the profit at 5 per cent. In 2011, the mandatory health insurance contributions increased and consequently the structure of taxes payable by the farmers changed.

Optimal capital taxation is an important task in many countries since that is the key aspect in the international tax competition. Low capital duty rates (in comparison to other countries) are aimed at attracting investment. According to Johannesen (2010), low rates of such taxes attract investment to a country, which is considered to be a "tax heaven." In the opinion of Krautheim et al. (2011) and Hristu-Varsakelis et al. (2011), under the circumstances of globalisation, tax heaven countries become a major factor due to increased possibilities to shift profits to countries with more attractive taxation regimes, which, in its turn, can lead to a distorted distribution of resources. The results of research conducted by Johannesen (2010) showed that the tax heaven countries tend to reduce tax revenues in the countries where the taxes are low rather than in those where the taxes a high. Therefore countries with low tax rates are encouraged to increase them. Johannesen calls this process a "leakage" effect.

Consequently, the analysis reveals that the tax burden distribution among labour, capital, and consumption is not even. The indicators of taxation equity lead to a conclusion that in Lithuania taxation equity is not implemented. The effective tax rates demonstrate that the tax burden is distributed among labour, capital, and consumption not fairly enough, with the highest tax burdens falling on labour.

To assess the taxation effectiveness, the respondents were asked to identify the tax policy measures that make an impact on the decisions of economic entities. The results are given in Table 3.

Table 3. Evaluation of the effectiveness of taxation in Lithuanian agricultural business

Assessment criteria	Assessment by the respondents
Impact of taxes on the management decisions in family holdings	Frequent changes in legislation (revised personal income tax base, 2008–2010); High mandatory health insurance contributions; Taxation of income regardless of the land productivity
Complexity of determining tax liabilities	It is difficult to calculate the personal income tax due to the non-existence of legislation interpretation (quite often the specific features of agricultural business do not allow to provide for expenditure to be attributed to permitted deductions).
Efficiency of determining the tax base	Neither ESU (economic size of the farm) nor VAT payer's criterion are a relevant base for taxation on the family holding income; The land tax base fails to correlate with the performance results.

The problems of the cost-efficiency principle application in taxation in agriculture are closely related to the tax policy problems associated with the implementation of the principle of administrative simplicity. The respondents claimed that the following reasons make it difficult to discharge obligations related to taxation, namely:

- the method of the produce fair value is not recognised for the purpose of taxation;
- the recognition of agriculture-specific permitted deductions for the purpose of personal income tax calculation is very complicated, which makes this process rather confusing and leads to a high risk of mistakes;
- legislation governing the taxation of agricultural entities does not take into account the specific features of agriculture;
- there are frequent changes in legislation.

The evaluation of the principle of administrative simplicity was based on a quantitative comparison of the situation in the family holdings and in the whole Lithuania (Table 4). The Table shows that although farmers pay fewer taxes, they spend more time for this than the average in Lithuania.

Table 4. Quantitative indicators of tax administration

Entity	Number of tax and contribution payments per year	Time consumed to calculate and pay taxes (hours per year)	Total taxes
Family holdings with employed workers	32	214	8
Family holdings without employed workers	17	198	8
Average in Lithuania	37	166	24

To make a general assessment of the agricultural business taxation system based on the aforementioned taxation principles, the article provides and integrated indicator of family holding taxation system in 2011.

Table 5. Multi-criteria evaluation of the family holding taxation system in 2011 (compiled by the authors)

Evaluation criterion	Indicator	Normalized values (a)	Significance of indicators (b)	a x b	Partial integrated indicator (c)	Significance of aspects (d)	c x d	Multiplex integrated indicator
Efficiency of work and resource distribution	Tax impact on the decisions of the entities	0.174	0.4	0.070	0.224	0.4	0.090	0.526
	Complexity of choosing the tax base	0.248	0.2	0.050				
	Efficiency of choosing the tax base	0.260	0.4	0.104				
Equity	Effective tax rate on capital	0.931	0.3	0.279	0.942	0.3	0.283	
	Effective tax rate on labour	0.925	0.4	0.370				
	Direct tax burden, %	1.000	0.3	0.300				
Administrative simplicity	Number of tax and contribution payments per year	0.124	0.3	0.037	0.382	0.4	0.153	
	Time consumed to calculate and pay taxes (hours per year)	0.542	0.4	0.217				
	Total taxes	0.321	0.4	0.128				

A comparison with a single integrated indicator of Lithuanian tax system evaluation shows that the values of the indicators are similar. It is therefore concluded that the farmer taxation system is specifically integrated into the overall national tax system.

Conclusions

1. The application of taxation principles in agriculture following the tax reform is limited on account of the specific character of agriculture. Nevertheless, the tax system in Lithuania has become more equitable while the use of different principles in agriculture had no decisive influence.
2. The application of taxation principles towards improved farm viability continues to be problematic due to the high tax calculation costs, frequent changes

in legislation that is not adapted for agriculture, a wrong personal income and land tax base, and limitations to permitted deductions, rather than the increased tax burden.

3. The integrated indicator of the family holding taxation system does not differ significantly from the comparable national indicator. This suggests that the tax reform in agriculture represents a step in the right direction through specific integration into the overall national tax system.
4. The following measures are offered for better implementation of farmer taxation principles: clearer presentation of the provisions of legislation governing farmer taxation; validation of permitted deduction inclusion into the labour costs of farmers and their partners; adjustment of the land and personal income tax base.

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ŪKININKŲ ŪKIŲ APMOKESTINIMO PRINCIPŲ VERTINIMAS

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Santrauka. Straipsnyje analizuojamos apmokestinimo principų taikymo žemės ūkyje galimybės, apribojimai ir problemos. Atlikus tyrimą ūkininkų ūkiuose Lietuvoje nustatyta, kad apmokestinimo principų taikymas žemės ūkyje po mokesčių reformos ribotas dėl žemės ūkio specifikos, tačiau po mokesčių reformos mokesčių sistema Lietuvoje tapo teisingesnė, kitų principų taikymas žemės ūkyje lemiamos įtakos neturėjo. Apmokestinimo principų taikymas ūkių gyvybingumui problemiškas ne dėl padidėjusios mokesčių naštos, bet dėl didelių mokesčių ap-

skaičiavimo sąnaudų, neadaptuotų žemės ūkiui, ir dažnai besikeičiančių teisės aktų, neteisingos gyventojų pajamų bei žemės mokesčių bazės nustatymo, leidžiamų atskaitymų ribotumo. Straipsnyje pateiktos mokesčių politikos priemonių rekomendacijos, padėsiančios gerinti apmokestinimo principų taikymą žemės ūkyje.

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