The article examines and analyzes the main conditions for being of individual entrepreneurs (FOPs) as the single tax payers of Group II. It is determined what restrictions exist for FOPs of this group, to whom FOPs can provide services and sell goods. It is indicated how to register as a single taxpayer or how to re-register for Group II of the simplified taxation system. It was analyzed how income accounting is carried out for this group of the single tax, what taxes and under what conditions the FOP can pay it, what reports they must submit and under what conditions. It also specifies the basic conditions when the use of payment transactions recorders (PTR)/software PTR is mandatory. The reliefs available to the single taxpayers of Group II for the period of martial law and the main reasons for canceling the simplified taxation system were investigated.

**Keywords:** simplified taxation system, individual entrepreneur (FOP), single tax, limit, payment transactions recorders (PTR)/software PTR, single social contribution, reporting.
only one of the groups of the single tax, i.e., Group II, taking into account the changes and innovations of recent years.

**Purpose and objectives of the study.** The purpose of the study is to determine the conditions for being the FOP in Group II of the single tax based on the analysis of the simplified taxation system of this group in 2023, taking into account the existing changes for the period of martial law.

**Statement of basic materials.** The conditions of being in Group II of the simplified taxation system are regulated by Article 291.4 of the Tax Code of Ukraine [1]. It states that the FOP of Group II can be an entrepreneur who provides services to the population or other single taxpayers, as well as who is engaged in production, sale of goods or restaurant business.

It is important to note that the FOP can provide services only for the population and single taxpayers [1]. Apartment building co-owners association (ABCA), state bodies, village and city councils, notaries, banks are usually non-payers of the single tax. It is not possible to provide services to such organizations, but they can sell goods.

Also, single taxpayers of Group II cannot rent premises to pawn shops, banks and other similar financial institutions that install terminals, since such financial institutions are usually on the general taxation system and FOPs are prohibited to receive payments from them [1].

The FOP of Group II cannot have more than 10 employees [1], and the eighth person had to be a person with a disability [2].

The FOP of Group II also has a maximum annual turnover limit of 834 minimum wages set for January 1 of each year [1]. As of January 1, 2023, such a minimum wage is UAH 6,700, i.e., the maximum annual turnover limit is UAH 5,878,800 (834*6,700 UAH).

Furthermore, the Tax Code of Ukraine [1] specifies that, although the FOP of Group II can sell any goods, it is forbidden to have a jewelry store. It is also forbidden to provide Internet access services even to individuals, i.e., you cannot be an Internet provider in Group II.

An important stage for an entrepreneur is the registration of an individual entrepreneur as a single taxpayer of Group II. If the FOP registers for Group II for the first time, then such an entrepreneur will be registered from the 1st of the following month. For instance, the FOP registers on January 24, 2023, then the FOP will be in of Group II from the 1st of the next month, i.e., from February 1, 2023. [3].

If the FOP is on the general taxation system or in Group I, III or IV of the single tax and intends to switch to Group II, then this option is possible, but it can be done only once per quarter and an application is submitted 15 days before the beginning of the quarter, then from the new quarter, they will be transferred to Group II. However, it is necessary to comply with all the conditions of being in Group II, i.e., turnover limits, types of economic activity (KVED), number of employees, etc. Also, only individual entrepreneurs can be in Group II of the single tax, unlike legal entities, which cannot [4].

Next, they should open a FOP account in the bank in order to receive payments or acquiring. An account can be opened in any bank and there can be more than one such account. Also, the bank account can be connected to various electronic and acquiring services, such as Wallet, Nova Poshta, etc., and receive payments from customers from these services. In addition, the FOP has the right to receive cash payments from clients [5].

An individual entrepreneur of Group II of the single tax is obliged to keep records of income. Such records are kept in an arbitrary form. If the money comes exclusively to the bank account, a bank statement is enough. And if the money comes both in cash and to a bank account, then it is necessary to keep an Income Accounting Book. Such a Book can be kept in Excel tables or in a paper version [5].

It is important that the FOP of Group II of the simplified taxation system has the right to make only cash and non-cash payments. It is prohibited to use barter, exchange, set-off, gift certificates on the simplified taxation system, since such an FOP will be deprived of the simplified taxation system with subsequent transfer to the general [1].

Most of the entrepreneurs who work in Group II usually trade in goods, since the Group II is the most popular for commodity business. The FOP has the right to sell goods to anyone, there are restrictions only with services, which were mentioned above.

When selling goods, the entrepreneur is not obliged to issue a bill, an invoice or a delivery and acceptance certificate, it is possible to simply provide details for payment or receive funds in cash. However, if the client requests, it is necessary to provide a bill, an invoice or a certificate [6].

The FOP, buying goods for further sale, receives either an invoice that they bought the goods, or a customs declaration confirming that they bought the goods abroad, performed customs clearing and imported them into the territory of Ukraine. However, keeping such records is optional for the FOP, except when the FOP trades in
Such procurement should be accompanied by a bill or customs declaration and, if this is not the case, then a 100% fine of the sale amount is imposed for the sale of goods without origin and without keeping records. But if the FOP trades in clothes, accessories, stationery or any other non-risky goods, then there will be no fine of 100% of the sale amount and there is no need to keep records of primary documents [1]. However, it is still desirable to keep such records when the FOP uses the services of a bank or Nova Poshta, since such institutions can conduct financial monitoring. They may ask to provide supporting documents for the goods. It is not necessary to provide documents for the entire range, but separate supporting documents must be submitted. If such documents are not provided, then financial institutions have the right to refuse to serve such a FOP.

From January 1, 2022, the Law of Ukraine "On the Use of Payment Transactions Recorders in the Sphere of Trade, Catering and Services" of July 6, 1995 No. 265/95-BP [7] provided for the mandatory use of PTR or software PTR for FOPs of Group II, III or IV on the simplified taxation system, pursuant to the FOP makes cash payments, either cash or non-cash. First of all, this is the sphere of trade, catering and services. Depending on the payments received by the FOP, it is possible to determine whether a PTR or software PTR is needed.

If the FOP receives cash in hand, then a cash register is necessary. If the payment from the client will be by a card through the terminal, it is also mandatory to use a PTR/software PTR. If payment is made on the website by card, and the FOP uses marketplaces that accept payments (Prom, Rozetka or any other marketplace), then a PTR/software PTR is also required. It is also necessary to have such a recorder when the FOP cooperates with Nova Poshta, where it collects cash from clients [8].

If the FOP has a PrivatBank Account Key Card and the client pays from PrivatBank, then it is possible to work without a cash register. However, if the payments are coming from buyers who are clients of other banks, then it is necessary to use the PTR/software PTR. A cash register is not required if the FOP receives payments exclusively to an IBAN account or if Nova Poshta sends money to an IBAN account [8].

However, the application of the PTR/software PTR for the period of martial law in Ukraine is optional [7]. More precisely, there is a relief, i.e., it is stated that penalties for violating the conditions of working with a cash register during martial law are not applied. That is, whether there is a cash register or not, but the tax authorities cannot assess penalties at the moment. However, it is still recommended to use a cash register. First of all, this is in order to learn how to use such cash registers properly and to work confidently after the end of martial law. And there is also a relief provided by law for the period of martial law, but nowhere is it stated that the tax authorities do not have the right to fine for non-application of the PTR/software PTR after the end of the martial law. That is, it is possible that the FOP may receive a fine already after the abolition of martial law.

It is worth noting what taxes the FOP of Group II of the single tax can pay. First of all, it is a single tax. Usually, the rate of such a tax is 20% (maximum rate) of the minimum wage on January 1 of the current year. However, the city council can set a lower rate at its discretion. In 2023, the FOP of Group II of the single tax must pay the single tax in the amount of UAH 1340 in monthly advance payments (that is, in the current month for the current one) by the 20th. (6700 hryvnias*20%) [5].

In addition, the FOP pays "for themself" the single social contribution in the amount of 22% of the minimum wage. In 2023, the monthly payment is UAH 1474. (6700 hryvnias*22%). The single social contribution is usually paid quarterly, but most FOPs pay the single social contribution when the single tax is paid as well. If the FOP is a disabled person of Group 1-2 or a pensioner, then they may not pay the single social contribution "for themself", since the single social contribution rates for such FOPs are 0% [9].

Another relief for FOP is the possibility not to pay the single tax and single social contribution for the period of martial law, even if the income was received. However, in the near future, this relief may be canceled. If the FOP did not pay "for themself" the single social contribution for the period of martial law, then the length of the insurance record will not be calculated for that period [10].

Also, the FOP must pay the single social contribution for employees in the amount of 22% of the employee's wage. If the employee is disabled, then it would be 8.41% [9]. In addition, the employer acts as a tax agent for employees, therefore must pay personal income tax on wages at the rate of 18% and military duty – 1.5% [5].

A key point is that the FOP, being a value-added tax (VAT) non-payer, can pay VAT in certain cases. First of all, this option is possible when the FOP imports goods. At customs office, it is obliged to pay VAT for those goods subject to taxation, as they will not have the right to import such goods into the territory of Ukraine. The second case in which the FOP is obliged to pay VAT is the ordering of services from non-residents, but this does not apply to services that are ordered via the Internet (advertising on the Internet, Facebook or any subscriptions), and if the FOP orders services directly from a foreign supplier, then the FOP, as a tax agent, must pay 20% VAT for such services (e.g., transport services) [11].
The minimum tax liability is paid only by those who are agricultural producers and those who own land plots on which agricultural production is carried out. The minimum tax liability is 2% of the normative monetary valuation of the land plot [1].

The FOP of Group II can submit 4 reports. First of all, it is an annual income report with an appendix on the single social contribution, which indicates types of economic activity according to KVED on which the FOP worked, the income earned during the year and also indicates how much the single social contribution and the single tax were paid. Such a report is annual and must be submitted by February 28, i.e., by February 28, 2023, the report for 2022 had to be submitted [5].

If the FOP has employees, it must submit corporate reporting with the personal income tax and single social contribution for them. This report is submitted quarterly and must be submitted within 40 days after the end of the reporting quarter. If the FOP provides accommodation services in a hostel, hotel or provides other services for temporary accommodation and overnight stays for tourists, then such the FOP must pay a tourist tax and submit a tourist tax declaration. In addition, if the FOP has a land plot, a land tax declaration is submitted [5].

In order for the FOP to remain in Group II, all existing restrictions for this group must be followed. The list of grounds for canceling the simplified taxation system is provided for in Article 298.2.3 of the Tax Code of Ukraine [1]. There are the following grounds:
- exceeding the turnover limit in the FOP;
- hiring more than the limit of the permitted number of employees;
- receipt of payments by types of economic activity according to KVED, not selected by the FOP;
- carrying out payments other than monetary ones (barter, set-off, exchange, gift certificates);
- the tax debt amounted to more than UAH 3060 [1].

Conclusions. Therefore, only an individual entrepreneur can be a single taxpayer, a legal entity cannot be in this group. The FOP can sell goods both for individuals and legal entities, but it is not authorized to provide services for legal entities. For the FOP in Group II, there are restrictions on the number of employees, no more than 10 people, and the annual income must not exceed 834 minimum wages (UAH 5 587 800). Also, the entrepreneur must keep only the Income Accounting Book, and it is not necessary to record expenses. However, if the FOP trades in jewelry, medicine or technical devices, then the FOP must keep a so-called stock record every month for all its purchases. Regarding the application of the PTR/software PTR, there is a relief, i.e., it is stated that penalties for violating the conditions of working with a cash register for martial law are not applied.

As a single taxpayer of Group II, the FOP pays the single tax of UAH 1340 (minimum wage*20%) and the single social contribution "for themself" of UAH 1474 (6700*22%). However, for the period of martial law, it is possible not to pay the single tax and the single social contribution, even if the income was received, but in the near future this benefit may be canceled. Reporting on the single tax + single social contribution "for themself" is submitted annually, by February 28 of each year, and for employees quarterly, i.e., 40 days after the end of the reporting quarter. And in order to stay in Group II, it is necessary to comply with all the restrictions, taking into account the annual income, the number of employees, types of activity according to KVED, only cash payments and the absence of tax debt.

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