

**Sidelnykova L.P.**

Doctor of Economic Sciences, Associate Professor,  
 Head of Department of Fiscal and Budgetary Policy  
 Kherson National Technical University

**CURRENT STATUS AND PERSPECTIVES OF FINANCING  
 OF STATE SOCIAL INSURANCE FUNDS**

It is proved that one of the important consequences of imbalance of public finance of Ukraine is the low level of social payments both the budget and extrabudgetary state funds. Deficit of financial resources that accumulated in state funds makes it impossible to increase pensions and other kinds of social assistance in adequate size of inflationary processes. On the other hand, the deficit of financial resources in the state social insurance sphere, primarily the Pension Fund of Ukraine, imposes an additional burden on the state budget, generating dependency of public finances Ukraine from debt resources. In this context it is becoming important to diagnose status and perspectives of financing of state social insurance in Ukraine.

The system of state social insurance funds includes Pension Fund of Ukraine, Social Insurance Fund of Ukraine, and Obligatory State Social Insurance Fund of Ukraine against Unemployment. These trust funds are extrabudgetary; their resources are not included in the state budget.

The main source of financing of state social insurance funds is social contribution and its rate decreased in 2016 by half. However, the government hopes that after the rate reduction of social contribution business legalize the labour remuneration fund didn't materialize, social contribution revenues in January-May 2016 fell by

almost a third compared to the same period last year.

Monitoring of the financial support of state funds in Ukraine gives reason to conclude that focus on reforming formal institutions in the field of social security only does not lead to positive fiscal effects, as the features of national mentality affect significantly on the level of businesses' readiness to legalize their incomes and wages of employees. The absence of trust in the government and uncertainty about the adequacy of future tax reforms make businesses to relate to legislative innovations with extreme caution. Reducing the burden on the labour remuneration fund by almost half (from average rates of 41% to total of 22%) by the logic of economic behaviour allows employers to broaden the tax base, reduce tax risks, and ensure employees with a higher level of social benefits. But it did not happen in the domestic realities in 2016. Therefore, further researches should include not only analytical calculations and scientific substantiation of rates of social contribution, which corresponds to the contemporary institutional conditions, and efficient allocation of social contribution between state social funds, but also provide a comprehensive approach to reforming the tax system of Ukraine on the principles of sustainability, transparency and a balanced parity of interests of the state, business and society.