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HISTORICAL AND LEGAL ASPECTS OF PAYMENT OF PAYMENTS FROM INCOME FROM LAW ACTIVITIES ON THE TERRITORY OF UKRAINE

Key words: taxation of income from advocacy, taxation system, tax burden.

ABSTRACT: This article is devoted to the analysis of historical and legal aspects of payment of income from advocacy in Ukraine. A study of the history of the establishment of such an institution as the bar, the procedure for remuneration for the work of a lawyer, the formation of his income and their legal consolidation. Attention was also paid to the peculiarities of the payment of mandatory fees by bar associations (BA), the formation of the tax burden on income from advocacy. In addition, an analysis of tax legislation and legislation governing the payment of the single social contribution and other mandatory payments.

Using the method of analysis and synthesis, ten stages of the formation of the bar, which directly affected the forms and types of income from advocacy and the enshrinement in law of mandatory payments for these activities and their compatibility with income. It is determined that the first stage of such formation occurred in 1917–1918, when lawyers began to receive income from their professional activities; second stage (1918–1919) – the income of a lawyer in the boards was in the form of wages; the third stage (1919–1922) – creation of legislative bases of taxation of lawyer's activity; the fourth stage (1922–1929) – the transition of the Ukrainian Bar (UB) to collective forms of work; the fifth stage (1929–1931) – the abolition of private practice; the sixth stage (1931–1932) – the bit-share form of payment of work of lawyers is formed; the seventh stage (1932–1960) – introduction of the system of self-financing; the eighth stage (1960–1980) – change of understanding and concept of activity of lawyers; ninth stage (1980–1991) – lawyers are exempt from taxation; the tenth stage – since 1991, the formation of the legislation of independent Ukraine, different approaches to the taxation of income from advocacy, which depends on the choice of lawyers appropriate system of taxation and form of advocacy, as well as excessive tax pressure.

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INTRODUCTION

The relevance of the topic is that the historical and legal aspects of payment of income from advocacy in Ukraine have not actually been studied by scientists. However, there are some scholars who still conducted such research, such as I. Sadovska, who in her work «Advocacy as an object of tax and legal regulation», explored the application of historical and legal method, which allowed to outline the laws of tax and legal regulation of advocacy and investigate the logic of changes in tax legislation in terms of taxation of income from advocacy in the current forms on a simplified system of taxation, accounting and reporting in accordance with the rules of Chapter 1 of Section (S.) XIV of the Tax Code of Ukraine (TCU) (Sadovska, 2020, p. 17, 18). Thus, to date, a comprehensive historical and legal analysis of the stages of origin and regulation of the payment of mandatory payments from income from advocacy by Ukrainian scholars has not been conducted. That is why the proposed topic of the article, today, is relevant and requires research.

The purpose of the article is, based on the analysis of the formation of legal regulation of the institute of advocacy and payment of mandatory payments from income from advocacy in different times of Ukraine, to identify stages of formation of payments from income from advocacy, to identify gaps and conflicts in this area, which were formed in the Ukrainian legislation and suggest ways to solve existing problems.

In fact, the issue of excessive tax pressure on lawyers practicing individual advocacy, who are forced to look for gaps in the law and artificially reduce the excessive tax burden by shadowing most of their income, remains unresolved and relevant in the legal community today. Such a tax policy violates the principle of equality of all taxpayers before the law, the obligation to ensure equal treatment of all taxpayers, as well as the principle of tax neutrality, as the method of taxes and fees currently established for lawyers affects both increasing and decreasing competitiveness taxpayer.

That is why, using such methods of scientific knowledge as the historical and legal method, synthesis and analysis, it is necessary to establish: has the legal profession always had such a tax burden?; what are the stages

of development of the system of taxation of income from advocacy?; what other mandatory fees were levied on the income from advocacy?; how are the processes of imposing the obligation to pay mandatory payments on income from advocacy regulated?; and what are the current problems in the field of legal regulation of collection of payments from income from advocacy?

HISTORICAL FORMATION OF THE BAR IN UKRAINE

On December 11–12 (24–25), 1917, the First All-Ukrainian Congress of Soviets took place in Kharkiv, which made a historic decision and proclaimed Ukraine a republic of Soviets of Workers', Soldiers' and Peasants' Deputies, is a free and sovereign Soviet UPR.

On January 4, 1918, the People's Secretariat of the Soviet Ukrainian People's Republic (UPR) adopted a resolution «On the Introduction of the People's Court,» according to which the institution of juries and private attorneys was abolished. Instead, this resolution gave the right to all citizens who have reached the age of 18 to be defenders in court and in pre-trial investigation (Golovaty, 2020, p. 9, 10). In fact, to protect a person at that time could be a relative of this person on a gratuitous basis, and a complete outsider, both free of charge and for a fee (reward), and therefore to regulate taxation was virtually impossible (Advocacy of Ukraine, 2012, p. 36, 37).

March 7, 1918, according to Decree № 2, issued by the Government of the UPR, local councils had to create a single organized board of defenders within the boards of human rights already at the expense of state funding (Advocacy of Ukraine in the Soviet period, 2009, p. 1).

On November 21, 1918, the Law of the UPR «On the Temporary Organization of Courts and the Judiciary» was adopted, according to which the existing laws on courts and advocacy and representatives of the parties in civil proceedings. Members of such boards were considered civil servants and appointed by local councils. Clients had to pay for legal services, but not to the defenders and representatives themselves, but to the account of the Commissariat of Justice. At the same time, in order to

exclude personal contacts between a lawyer and a client, the law forbade citizens to apply for legal assistance directly to a lawyer (Kachur, 2018, p. 118, 119). That is, in this case, the duty and control over taxation was entrusted to the Commissariats of Justice, but since less than three months, namely on February 14, 1919, the Council of People's Commissars of Ukraine (CPC of Ukraine) approved the Provisional Regulation «On People's Courts and Revolutionary Tribunals of the USSR» (Provisional Regulation), the issue of taxation of advocacy has not been raised (This day in recent history, 2005, p. 1).

In fact, on February 14, 1919, the CPC of Ukraine abolished the jury and private bar for the second time by approving the Provisional Regulation, which provided for the establishment of human rights boards in people's courts and revolutionary tribunals (Smoliy, 2007, p. 1). It was during this period that a new stage in the formation of the institute of the UB of the Soviet period began to emerge, and thus the question arose of creating normative (legislative) bases for the taxation of advocacy.

A NEW STAGE OF THE UKRAINIAN BAR

On October 2, 1922, the Central Executive Committee of Ukraine approved the Regulations «On the Bar of the Ukrainian SSR» («Regulations on the Bar»), which defined the general principles of organization and functions of the Board of Defenders (Kachur, 2018, p. 118, 119). In fact, historians associate this date with the beginning of a new stage in the formation of the Soviet-era UB institute. In accordance with the above-mentioned «Regulations on the Bar», which defined the bar as a self-governing organization designed to provide legal assistance to the population, provincial boards of defenders in criminal and civil cases were established (Advocacy of Ukraine, 2012, p. 37, 38). From now on, the work of defense attorneys was paid, except for those cases where the participation of defense counsel was mandatory, and for persons recognized by a special decision of the People's Court as exempt from payment, paid at a fee set by the PCJ and in agreement with the interested party (in other cases).

During this period, defenders from their remuneration contributed to the board of the board a certain percentage, which was set by the People's Commissariat of Justice (PCJ), and therefore the transition of the UB to collective forms of work was due to both political and economic reasons, including the emergence of new management methods in Ukraine certainly required a change in the forms of activity of defenders. As a result, on September 12, 1928, the board of the PCJ of the USSR adopted a resolution «On the reorganization of the boards of defenders», which was deemed appropriate transition to collective forms of work of defenders and voluntary, aimed at protecting consultants and registration of private offices (Advocacy of Ukraine, 2012, p. 37–39).

On October 20, 1929, the PCJ of the Ukrainian SSR approved the Regulations «On Collective Forms of Work of Defenders of District Boards», according to which a single team of defenders was organized within the district through consultations (Advocacy of Ukraine, 2012, p. 39).

The funds of the board consisted of both the income of legal advice and other income, and the members of the board of defenders received salaries in the manner prescribed by the general meeting and approved by the district court. The issue of taxation of DR was taken care of exclusively by district boards, and for a lawyer the actual payment for providing legal services was in most cases only wages, which were taxed in accordance with the legislation in force at the time, which regulated wage taxation.

LEGAL REGULATION OF LAWYERS' SALARIES IN THE UR

After the transition to collective forms of work, even then the legislator tried to find the most appropriate option for defenders to pay and tax, which would stimulate the work of defenders.

As mentioned above, the practice of remuneration of defenders in the Ukrainian Republic has taken various forms. It is worth noting that one of the first was a premium-branded system, under which the defender was paid a certain part of his earnings, and the rest, except for the costs of management, went to the general fund, from which each defender was

given a certain amount depending on the amount marks established for him by qualification. The quantity and quality of the defender's work were not taken into account. Subsequently, on May 17, 1931, by order of the PCJ, the interdistrict colleges of defenders were offered a digit-share form: the defender was assigned a rank, depending on which the work was paid: 1st rank – 1 share; 2nd – 1.5 shares, 3rd – 2 shares, 4th – 2.5 shares, 5th – 3 shares. At the same time, the minimum and maximum salaries for each board were set by the PCJ. In December 1931, the PCJ had already proposed a 7-digit grid, according to which the ratio between lower and higher levels was set at a ratio of 1: 3. An additional salary was set for certain indicators of the defender's work. But, again, the payment for the services of a lawyer, ie his work was exclusively from the budget of the inter-district boards of defenders (Advocacy of Ukraine, 2012, p. 39, 40).

Trying to take into account the unsuccessful experience of already tested forms of remuneration of defenders, to eliminate the identified shortcomings, the PCJ of the USSR on April 26, 1932 introduced a self-financing system, according to which each legal consultation turns into a her past work. On the basis of this consultation plan, a financial plan was given, which provided for a control figure of income, ie the amount of fees for paid legal aid, and the expenditure part went to the maintenance of the consultation itself, to mass work. In case of overfulfillment of the operational plan, legal advice was entitled to receive income. For this purpose, a fund was created from the balances of revenues above the control figure. The amount of contributions to this fund of brigade earnings was set from 30% to 50%, depending on the degree of over fulfillment of the operational plan. If there are savings in the settlement part, part of the saved amount – from 40% to 60%, depending on the percentage of savings to the total amount of expenses – was also transferred to the bonus fund of the team. It was distributed among individual members of the team in proportion to their salaries (Advocacy of Ukraine, 2012, p. 40, 41).

However, this system also met with strong opposition from advocates, who rightly considered advocacy to be a specific field that could not be planned.

Subsequently, advocacy was repeatedly reformed, but it did not undergo significant changes in remuneration and taxation.

In particular, and approved by the Verkhovna Rada of the Ukrainian SSR (VRU SSR) on September 25, 1962, the draft Regulation «On Advocacy», which was developed by the Ministry of Justice of the Ukrainian SSR in 1960 under the Law «On the Judiciary of the Ukrainian SSR», BA were defined as voluntary associations, engaged in advocacy, the organizational form of which were only legal advice, ie the opportunity to engage in private practice The Regulation did not provide.

The lawyer's work continued to be paid for by the funds received for legal advice from citizens, enterprises, organizations and collective farms for the provision of legal assistance. The funds of the Bar were formed from the amounts deducted by legal advice from the fee for legal aid and other income. The amount of deductions was set by the general meeting of members of the Bar, but could not exceed 30% of the amount of the lawyer's fee received for legal advice (Advocacy of Ukraine, 2012, p. 44–46).

However, the legislator still defined in the Regulations «On the Bar» approved by the VRU SSR on September 25, 1962, that the main task of the bar was to provide legal assistance to citizens and organizations. However, in no case was advocacy, at that time, equated with either services or services. The legislator throughout the existence of the Ukrainian SSR noted that the provision of any services means the relevant production and economic activities to meet the material and other needs of the population, but advocacy is by no means a productive activity, and the actions of lawyers are aimed solely at assisting citizens and organizations in exercising their rights and protecting their interests, and therefore, in our opinion, it was wrong to compare the work of lawyers to different domestic services provided to the population.

FEATURES OF PAYMENT OF FEES BY BAR ASSOCIATIONS

On October 31, 1980, the VRU SSR adopted the Law «On Approval of the Regulations on the Bar of the Ukrainian SSR» No. 1050-X (Law No. 1050-X), according to which advocacy is carried out in accordance with Articles (A.) 3 and 20 in BA and legal consultations.

For the first time, during the existence of advocacy in the Ukrainian SSR, the legislator exempts BA from state and local taxes and fees on the basis of A. 38 of the said Law No. 1050-X. Despite the fact that A. 24 of this Law No. 1050-X regulates the remuneration of lawyers, where the work of lawyers is paid from funds received from legal advice from citizens and organizations for legal assistance, A. 39 of this Law defines the following the concept of «state social insurance», ie BA in accordance with current legislation had to pay contributions to state social insurance. Thus, A. 39 Law No. 1050-X clearly states: Contributions to the state social insurance of lawyers are paid by BA in accordance with the current legislation.».

PAYMENT OF INCOME PAYMENTS BY LAWYERS IN INDEPENDENT UKRAINE

Only 11 years later, A. 38 of the Law No. 1050-X in terms of exemption from taxation of BA expires on the basis of the Law of Ukraine «On Income Tax on Citizens of Ukraine, Foreign Citizens and Stateless Persons» of July 5, 1991. No. 1306-XI, according to which, in accordance with A. 7, lawyers are also involved in the payment of tax – on the amount of remuneration they receive for their work in legal advice, and on the basis of A. 8 of the income specified in A. 7 of this Law, the tax is calculated sizes. However, a year later, on December 26, 1992, the Cabinet of Ministers of Ukraine adopted the Decree «On Corporate Income Tax» for No. 12–92 (Decree No. 12–92), in which A. 6 establishes a single tariff for the taxation of advocacy, namely taxed at a rate of 30 interest, as well as the actual profit of enterprises and foreign legal entities received from activities in Ukraine.

Significant changes, both in organizational form and in terms of taxation, advocacy has undergone after the adoption by the Verkhovna Rada of Ukraine (VRU) on December 19, 1992 of the Law of Ukraine «On Advocacy» No. 2887-XII (Law No. 2887-XII), according to which according to A. 4: its law office, to unite with other lawyers in the college, law firms, offices and other law associations operating in accordance with this Law and the statutes of law associations. However, in this Law, despite the development

of this bill Law № 2887-XII, advocacy was not exempt from taxation, although such a rule existed in the Soviet legislation on advocacy (Advocacy of Ukraine, 2012, p. 58–65). And this despite the fact that during the consideration of the bill, the representative of the Bar Association of Ukraine stressed that «lawyers are not engaged in business activities, and the lawyer's earnings are his fee, from which he allocates money to maintain the association, everything else is his «salary». «If the bar is not exempt from taxation,» he explained, «the amount of taxation will fall on those who turn to a lawyer for legal assistance.» It is logical and quite clear that these are additional expenses of the population, but, unfortunately, the people's deputies refused to address this issue in the Law No. 2887-XII and proposed to regulate it in a special law, which has not yet been implemented.

In fact, from now on, the income received by lawyers from advocacy is taxed in accordance with the requirements set out in the fourth section of the Decree of the Cabinet of Ministers of Ukraine of December 26, 1992 No. 13–92 «On personal income tax» and at the rates specified in paragraph 1 Article 7 of this Decree.

Income tax was calculated by the tax inspection on the basis of a declaration of expected (estimated) income for the current calendar year. In accordance with the requirements of paragraph 4 of Article 14 of this Decree, the income tax return is submitted to the tax inspection within five days after the end of the month from the date of origin of the source of income. The declaration indicates the amount of actual income for the first month and the amount of expected income by the end of the current year. Subsequent filing of income declarations by lawyers practicing law was to be held annually by February 1 of the following year.

On July 3, 1999, the President of Ukraine issued a Decree «On the Simplified System of Taxation, Accounting and Reporting of Small Business Entities» No. 727/98 (Decree № 727/98), which has expired today, according to which a natural person-small business entity that paid a single tax, was not a payer of personal income tax, and therefore a person who was registered with the state tax service as a natural person – entrepreneur did not require additional registration as a self-employed person, and the income of this person received from advocacy during the stay on the simplified system of taxation, accounting and reporting were exempt from personal income tax.

In fact, by this Decree of the President of Ukraine, a lawyer who practiced individual advocacy and was registered with the state tax service as a natural person – entrepreneur under the NACE, whose activities did not contradict the Law № 2887-XII, received the right to pay a single tax significantly reduced the financial burden on both attorneys' clients and attorneys themselves, who could afford not to raise their fees. However, in accordance with P. 5 of part 1 of A. 4 of the Law of Ukraine of July 8, 2010 No. 2464 «On the collection and accounting of a single contribution to the obligatory state social insurance» (Law No. 2464) lawyers are payers of a single social contribution. According to Part 4 of A. 5 of the Law No. 2464, the obligation to accrue and pay this fee arises for a lawyer from the beginning of advocacy, the basis of which in accordance with P. 2 of Part 1 of A. 7 of the same Law is the amount of income subject to income tax individuals and may not be less than the amount of the minimum insurance premium for the month in which the income (profit) (Chebanenko, 2015, pp. 22–25). Thus, thanks to the Decree No. 727/98 a lawyer who practiced individual advocacy and is registered with the state tax service as a natural person – entrepreneur under NACE, activities which are not contradicts the Law No. 2887-XII, also received the right to pay a single social contribution at a minimum rate.

However, on November 4, 2011 the Decree No. 727/98 was terminated on the basis of the Law of Ukraine «On Amendments to the TCU and some other legislative acts of Ukraine on simplified taxation, accounting and reporting» for No. 4014-VI, according to which a self-employed lawyer was deprived of the right to pay a single tax and was obliged to pay all taxes and fees in the general taxation system.

Thus, the abolition of the simplified system of taxation, accounting and reporting for lawyers was a number of negative factors – this is primarily an increase in tax pressure on lawyers, which led to an increase in the cost of their services, and therefore the corresponding financial burden on clients. thousands of lawyers in the «shadow», which also led to a reduction in the filling of local budgets, and automatic charging of taxes to lawyers, which also led to tax arrears, payment of fines and blocking of current accounts of lawyers.

THE CURRENT STATE OF REGULATION OF LAWYERS' INCOME TAXATION

On July 5, 2012, the VRU adopted a new Law of Ukraine «On Advocacy and Advocacy Activity» No. 5076-VI (Law No. 5076-VI), as a result of which the previous Law No. 2887-XII is repealed.

In accordance with P. 1 and 2 of P. 1 of A. 1 of the Law No. 5076-VI lawyer – an individual who practices law on the grounds and in the manner prescribed by this Law, and advocacy – independent professional activity of a lawyer to protect, representation and provision of other types of legal assistance to the client. According to Part 3 of A. 4 of the Law No. 5076-VI, a lawyer may practice law individually or in the organizational and legal forms of a law firm or bar association.

Once again, the issue of payment of income from advocacy activities remains outside the scope of this relevant Law for lawyers.

The procedure for accrual and payment of taxes and fees and other mandatory payments, tax reporting, etc. from independent professional activity (individual advocacy) is now defined by the TCU, the Law No. 2464 and the Procedure for forming and submitting by insurers a report on the amounts of the accrued single contribution to the obligatory state social insurance, approved by the order of the Ministry of Finance of Ukraine dated April 14, 2015 No. 435.

Taxation of income of self-employed persons (SEP), including persons engaged in independent professional activity, including lawyers, is regulated by A. 178 of the TCU, according to which a self-employed person is an income taxpayer at the rate provided for in P. 167.1 of A. 167 of the Tax Code, and currently accounts for 18% of the tax base – the difference between income and documented expenses.

In addition, on August 3, 2014, the Law of Ukraine of July 31, 2014 No. 1621-VII «On Amendments to the TCU and Certain Legislative Acts of Ukraine» entered into force. In accordance with this Law, subsection 10, S. XX of the TCU was supplemented by P. 161, according to which temporarily, until January 1, 2015, a military tax was established, where the payers were persons specified in P. 162.1 of A. 162 of this Code, and the object of taxation fee – income in the form of wages, other incentive and

compensation payments or other payments and rewards that are accrued (paid, provided) to the payer in connection with employment relationships and under civil law contracts; winnings in the state and non-state money lottery, winnings of a player (participant) received from a gambling organizer. The rate of collection was 1.5 percent of the object of taxation specified in sub-clause 1.2 of this clause.

Subsequently, in accordance with the Law of Ukraine of December 28, 2014 No. 71-VIII «On Amendments to the TCU and Certain Legislative Acts of Ukraine on Tax Reform» to the above P. 161 of subsection 10 of S. XX of the Tax Code were amended, namely: the first words and figures «until January 1, 2015» were replaced by the phrase «until the entry into force of the decision of the VRU on the completion of the reform of the Armed Forces of Ukraine», subparagraph 1.2 was worded as follows: «The object of taxation is income Code», ie the total monthly (annual) taxable income. That is, since the agreements concluded by the lawyer on the provision of legal assistance to clients are by their nature civil law agreements, the amounts of fees received from clients were subject to personal income tax, the basis for accrual of the single social contribution, the object of accrual and payment of military duty.

Recently, on May 13, 2020, the VRU adopted the Law «On Amendments to the Law» On Collection and Accounting of the Single Contribution for Compulsory State Social Insurance «on Elimination of Discrimination by Payers» № 592-IX, signed by the President of Ukraine and according to which, persons engaged in independent professional activity are exempt from paying a single social contribution on condition that they are registered as natural persons-entrepreneurs and carrying out one type of activity at the same time as natural persons – entrepreneurs and persons carrying out independent professional activity.

The above Law came into force on January 1, 2021, so this year for lawyers who practice individually, the tax burden has been reduced once again, but how long it is – is unknown. In any case, this is not a solution to the issue of standardization of legislation regarding the payment of mandatory payments from the income from advocacy, including individual – SEP.

In fact, both the adoption of the Law No. 2887-XII and the Law No. 5076-VI really contributed to the further democratic development of the

UB, provided the right to access to the legal profession established the existing guarantees of advocacy, expanding the professional rights of lawyers, their duties and responsibilities, bringing the activities of the UB closer to world standards. But, unfortunately, it has not solved the problem of taxation of income from advocacy activities conducted by individual advocacy activities – SEP, thus leaving this issue not only open, but one that forces lawyers to seek solutions on their own, thus not increasing fee, without imposing a tax burden on clients to provide truly professional and qualified legal assistance.

CONCLUSIONS

Indeed, it is necessary to agree with numerous studies on this issue that among the main problems of the bar that need to be addressed immediately is the unfavorable tax system and, as a result, the existence of business law in parallel with the bar.

Significantly complicates the work of a lawyer who carries out activities independently, the lack of opportunity to be on a simplified system of taxation of accounting and reporting. Such a system is more convenient than the general one, it takes less time to keep tax records, which makes it quite attractive for a lawyer who carries out his activity individually. Instead, it is allowed for law firms and law firms as legal entities, which have much more opportunities for tax accounting. And this is where the unequal position of lawyers who practice individual law and lawyers who practice it through law firms or law firms manifests itself (Sadovska, 2020, p. 144).

Thanks to the analysis, we were able to distinguish 10 stages of the formation of payments from advocacy:

Stage 1 (1917–1918) – defenders of a person in court and in the pre-trial investigation could be relatives of this person on a gratuitous basis, and completely strangers both free of charge and for a fee (remuneration), and therefore it was practical to normalize taxation impossible;

Stage 2 (1918–1919) – boards of prosecutors, defenders and representatives of the parties in civil proceedings were introduced, and mem-

bers of such boards were considered civil servants, therefore, the actual issue of taxation of advocacy was not raised;

Stage 3 (1919–1922) – there was a significant increase in legal representatives, and hence legal advice, and hence the question of creating normative (legislative) principles of taxation of advocacy;

Stage 4 (1922–1929) – the beginning of a new stage in the formation of the institute of Ukrainian advocacy of the Soviet period, where provincial boards of defenders in criminal and civil cases were established, and the work of defenders was paid, who from their remuneration contributed a certain percentage HKIO. The transition of the UB to collective forms of work was due to both political and economic reasons, in particular the emergence of new management methods in Ukraine, which, of course, required a change in the forms of activity of defenders;

Stage 5 (1929–1931) – a single team of defenders was organized within the district, which included all members of the board of defenders of the district, private law practice was abolished, and legal assistance was provided only through consultations. Members of the Board of Defenders were paid in accordance with the procedure established by the general meeting and approved by the district court. That is, even at this time the issue of taxation of advocacy was taken care of by district boards, and for a lawyer the actual payment for providing legal services was salary, which was taxed in accordance with the legislation in force at that time, which regulated payroll taxation;

Stage 6 (1931–1932) – there was a category-share form: the defender was assigned a category, depending on which the work was paid: 1st category – 1 share; 2nd – 1.5 shares, 3rd – 2 shares, 4th – 2.5 shares, 5th – 3 shares, and later a 7-bit grid was proposed, according to which the ratio between lower and higher digits was set in a ratio of 1: 3. An additional salary was set for certain indicators of the defender's work, but the lawyer's services were paid for, ie his work was exclusively from the budget of the inter-district boards of defenders;

Stage 7 (1932–1960) – a system of self-financing was introduced, according to which each legal consultation is transformed into a self-supporting brigade, where legal consultation was given a certain operational plan, which was developed on the basis of its past work;

Stage 8 (1960–1980) – the legislator determined that the main task of the bar was to provide legal assistance to citizens and organizations, and therefore, in any case, advocacy at that time was not identified with either services or services, namely was aimed exclusively to assist citizens and organizations in exercising their rights and in protecting their interests;

Stage 9 (1980–1991) – lawyers are exempt from taxation;

Stage 10–1991 to the present time, the taxation of advocacy gradually comes to the state (definition and consolidation in regulations) that exists in today's Ukraine.

As mentioned above, the practice of remuneration of defenders in the Ukrainian Republic has taken various forms. It is worth noting that one of the first was a premium-branded system, under which the defender was paid a certain part of his earnings, and the rest, except for the costs of management, went to the general fund, from which each defender was given a certain amount depending on the amount marks established for him by qualification. This did not take into account the quantity and quality of work of the defender.

As can be seen from the historical course of the introduction of various forms of payment for advocacy, and the payment of taxes, fees and mandatory payments, it must be clearly understood that lawyers are not engaged in business activities, and a lawyer's earnings – is his fee, and therefore forms and amounts of taxation of legal activity. It is not necessary to understand that the amount of taxation will mostly fall on those who will apply to a lawyer for legal assistance, ie on the client's lawyer. And for this it is necessary to complete this issue, which was raised by MPs – MPs of Ukraine in 1992, namely, proposed to regulate the issue of taxation of advocacy in a special law.

Moreover, advocacy cannot be equated with either services or services, because the provision of any services means the relevant production and economic activities to meet the material and other needs of the population, but advocacy is by no means a productive activity, the actions of lawyers are aimed solely at assisting citizens and organizations in exercising their rights and protecting their interests, and therefore the work of lawyers can in no way be equated with various domestic services provided to the population.

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