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## **FORMATION OF TAX POLICY OF UKRAINE WITHIN THE FRAMEWORK OF DEVELOPMENT OF THE STATE TAX MANAGEMENT**

### **Abstract.**

It is determined that in the conditions of Ukraine, the state tax management has always had a certain specificity, although it used the main provisions of the Western economic thought. It should be noted that this periodization is conditional and reflects the most important, in our opinion, stages of historical formation and implementation of the ideas of state tax management in Ukraine in its most effective methods and forms. It is noted that in economics, tax management is often identified with the process of tax planning at the micro level. In this sense, tax management is the activity of economic entities aimed at optimizing tax payments, minimizing tax losses on a particular tax or a set of taxes, increasing the working capital of the enterprise and, as a result, increase real opportunities for a further development of the organization, to increase the efficiency of its work. Despite the widespread use of the term "tax management" in practice, there are still inconsistencies among economists in understanding the essence of this concept, in tax law, this category is also absent. Therefore, based on a critical analysis of existing interpretations, it is necessary to disclose the content and clarify the definition of state tax management as a form of tax flow management. It is proposed to consider the state tax management as a mechanism for implementing tax policy, and the mechanism for implementing the tax management itself - as procedures or real measures, actions in the field of tax planning, regulation, monitoring and control. That is, the state tax management is an organizational mechanism of tax policy, which, in turn, determines the target areas of tax management.

**Keywords:** state tax management, tax planning, tax payments, tax losses, tax legislation, tax flow management.

**Introduction.** In the conditions of Ukraine, the state tax management has always had a certain specificity, although it used the main provisions of the Western economic thought. It should be noted that this periodization is conditional and reflects the most important, in our opinion, stages of historical formation and implementation of the ideas of state tax management in Ukraine in its most effective methods and forms.

In economics, tax management is often identified with the process of tax planning at the micro level. In this sense, tax management is the activity of economic entities aimed at optimizing tax payments, minimizing tax losses on a particular tax or set of taxes, increasing the working capital of the enterprise and, as a result, increasing real opportunities for a further development of the organization, to increase the efficiency of its work. Despite the widespread use in practice of the term "tax management", there are still inconsistencies among economists in understanding the essence of this concept, in tax law, this category is also absent. Therefore, based on a critical analysis of existing interpretations, it is necessary to disclose the content and clarify the definition of state tax management as a form of management of tax flows.

#### **Analysis of recent research and publications.**

Problems of tax policy formation were first reflected in scientific works in the late 1980's - early 2000's. In this regard, foreign studies of P. Baker, S. Birch, M. Boskin, J. Wilson, D. Williams, R. Dernbum, A. Giovanni, L. Cartou, P. Collier, M. Kraus, M. Kuttina, F. Lefebvre, D. Lubik, W. Tanzi, B. Patterson, M. Pierce, S. Radelli, G. Feldman. J. Frenkel, S. Fischer, K. Vogel, G. Hall, W. Hassi, E. Heinsoo, R. Schmalinzi and others should be noted. Various aspects of the development of taxation systems in the context of tax harmonization are considered in the studies of numerous domestic scientists, among which the works of L.P. Gatska, Y. B. Ivanov, B.A. Karpinsky, V.V. Karpova, A.I. Krysovaty and

others, which deserve special attention and had a decisive theoretical and methodological significance for our study. Issues of tax policy formation are touched upon in the works of domestic economists, such as Z.S. Varnaliy, T.I. Yefimenko, A. Y. Kizima, M.S. Laba, I.O. Lunina, P.V. Melnyk. , V.P. Nikolaev, L.L. Tarangul and others.

### **Formulation of the problem.**

The purpose of the article is to study and develop the stages of tax policy formation within the framework of development of the state tax management.

### **Results.**

In a broad sense, state tax management is the activity of public administration bodies that carry out tax monitoring, related to:

- management of tax relations and tax processes;
- ensuring the receipt of taxes in the budget system of the state;
- implementation of tax control;
- application of measures of economic and administrative influence;
- development of an effective mechanism and technologies for tax collection;
- forecasting the amount of tax revenues [1, p. 275].

State tax policy provides for the activities of bodies exercising tax control, organizing the interaction of tax authorities with taxpayers, conducting in-house and on-site inspections and other control and accounting analytical work.

Elements of state tax management are intertwined with the state tax policy - the process of managing tax flows is aimed at achieving the goals and implementation of tax policy measures. Tax management as well as tax policy involves the use of a set of measures, decisions and actions, but in the implementation of tax policy manifests and substantiates the ideological side of decision-making on the course of action, and tax management provides an organizational component.

Thus, the state tax management can be considered as a mechanism for implementing tax policy, and the mechanism for implementing tax management - as procedures or real measures, actions in the field of tax planning, regulation, monitoring and control. That is, the state tax management is an organizational

mechanism of tax policy, which, in turn, determines the target areas of tax management [2, p.89]. Therefore, errors in tax policy or miscalculations in the concept of tax system development can lead to inefficient functioning of tax management.

Considering the essence of state tax management, there is a need to clarify its functions as a form of tax flow management. In this regard, additionally allocate the function of accounting and analysis, which consists of a series of consecutive actions: registration and accounting of payers; reception and processing of reports; accounting and analysis of tax revenues; compilation and analysis of reports.

The variety of goals and objectives of tax management allows them to be grouped into three levels of the tax system (Fig. 1).

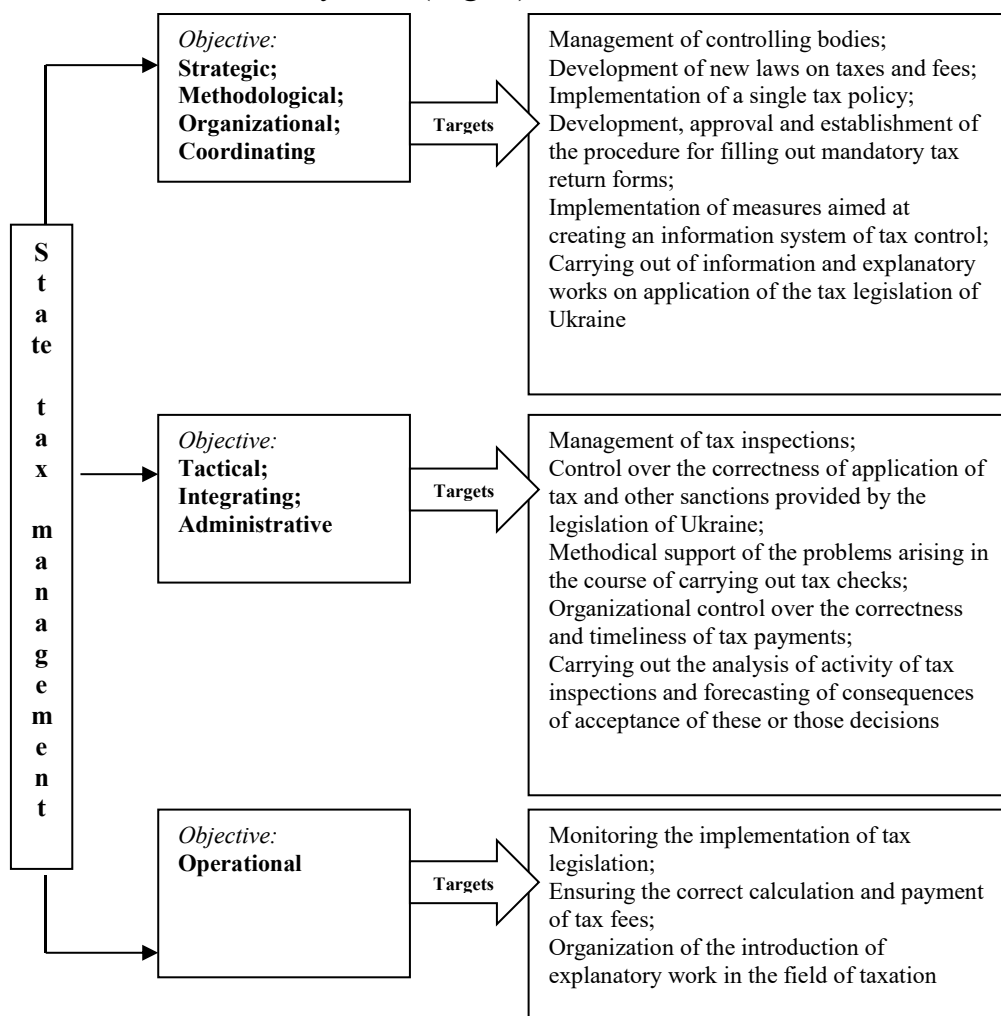


Fig. 1. Goals and objectives of state tax policy within the development of state tax management

Analysis of the economic literature allows us to group the principles and methods of tax management. So we can identify the general principles and methods that are inherent to the tax management system as a whole:

- principles: interconnection and interdependence of the main elements of tax management, unity, neutrality and independence in relation to the objects of management, generality, responsibility, efficiency and effectiveness, centralization, financial incentives;
- methods: administrative coercion, incentives, control and regulation, public-private partnership [3, p.79].

The private principles and methods of tax management as a form of management of tax flows include a set of functional principles and methods of tax planning and forecasting, tax regulation, tax control, tax accounting and analysis.

In modern conditions, the state tax management should be considered in a broader sense - in conjunction with the tax policy implemented in the country, the state's methods of tax administration.

Tax management should not be equated with the process of tax planning, as tax management is a broader, complex phenomenon that involves not only the actual assessment of the potential of tax revenues, but also the development of a unified state tax strategy, effective and justified system of tax processes. Tax management involves assessing the effectiveness of the entire financial and tax system of the country, which will combine both analysis of the amount of taxes and fees collected, and analysis of the effectiveness of the tools used to implement management decisions in the financial sector [4, p.25]. In addition, in our opinion, the state tax management is implemented in the methods and forms of tax administration used.

The theoretical and methodological analysis of the research allows us to conclude that the authors of scientific works at this time defined their view on the essence of tax management with almost the same understanding of the tasks, leaving no room for its unsystematic interpretation. However, the methodological interpretation of

the content of state tax management is broader.

The theory and practice of research on this issue show the ambiguity of understanding the term tax management. In this regard, the question of a single definition of its theoretical and methodological foundations remains obvious and relevant.

According to the research, the management of tax flows is related to the management of liabilities to budgets and state trust funds as part of cash flow and aims to form the best structure and level of tax payments, ensuring their timely repayment in accordance with applicable law.

Tax flow management processes are components of the tax management system.

The economic strategy of enterprises in a changing tax environment is based on a comprehensive study of the tax management system. It is proposed to take into account individual taxes, as well as their relationship with indicators of financial and economic activity. Given the above approach, the only target criterion of state tax management in the tax flow management system is consistent with the overall strategy of the actual costs associated with the payment of taxes, taking into account the probable characteristics, ie adjusted for the reduction factor taking into account uncertainties and risk, on the basis of which the process of synthesis of the control system is carried out [5, p.21].

In the process of development of the system of state tax management it is necessary to identify factors of the external and internal environment (object of tax management), possible levers of organizational, legal and financial and tax regulation (management influence).

Management decisions, as well as the formation of a rational system of state tax management should be based on the analysis of these indicators in the current and future periods [6, p.114]. In the process of analyzing the structure of the control system, it is crucial to identify the main control levers that contribute to the achievement of the stated goal. In this case, the elements of individual taxes and measures for the operational management of tax flows serve as levers for regulating the tax base or directly financial and tax management [7, p. 352].

**Conclusions.** There are three main institutional approaches to the formation of tax strategy:

- fiscal approach - it is characterized by an emphasis put on a full-scale increase in the mass of tax liabilities (tax burden). This approach is generated by the crisis of state power, when there are contradictions between tax tools and ways to implement it. In this case, the tax burden increases, the actual collection of taxes falls, and taxpayers prefer to choose for themselves illegitimate forms of management. The fiscal approach was typical for the initial stage of the market transformation in Ukraine. Practice has shown that the implementation of such an approach does not contribute to strengthening the market economy;

- functional-stabilizing approach - it is characterized by a focus put on meeting current budget needs and stabilization of social processes. The main objective is the needs of national defense, external and internal security, solving the most acute social problems and more. At the same time, the state tries to use the "tax partnership" with private capital, is cautious about increasing tax liabilities, and, in some cases, expresses its readiness to reduce the tax burden and take into account the interests of taxpayers. Functional and stabilizing approach is typical for the current stage of development of Ukraine - the state and civil society emerge from the systemic crisis and gradually form a situation of "social harmony", including the problem of taxation;

- investment approach - focuses on the needs for development of both public and private capital. The investment process comes first, and taxation is seen as a factor in an expanded reproduction. Accordingly, the filling of current and investment budgets is the result of the investment process and expanded reproduction in general. As a result, tax policy is integrated into a general economic policy.

From the point of view of the purposes of this research, the role and a place of tax management in the system of the state tax policy represents a special value. Tax policy is one of the leading places in the system of state regulation, as it provides funding for budgetary, social, investment and other influences. Successful fulfillment of the role of tax policy in the formation of an effective system of tax

management depends on the functions of taxes and the peculiarities of their application. As a result, among the whole set of possible options for forming the structure of the tax system, the most important taxes and fees for creating conditions for an effective functioning of the tax management are the following: income tax, personal income tax, VAT, mining tax and contributions to social insurance funds .

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