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**ENSURING STATE ECONOMIC SECURITY IN THE AREA
OF TAXATION: AGENT-BASED AND SUBJECT-BASED
LEGAL APPROACHES**

The paper grounds the need and explores the specific features of applying the agent-based and subject-based legal approaches in ensuring the state economic security to solve financial, administrative and regulatory issues in the area of taxation of Ukraine.

Keywords: agent-based approach; subject-legal approach; economic security; tax control.

JEL classification: H30; E62; K34.

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**ЗАБЕЗПЕЧЕННЯ ЕКОНОМІЧНОЇ БЕЗПЕКИ ДЕРЖАВИ
НА ПРИКЛАДІ ПОДАТКОВОЇ СФЕРИ: АГЕНТНО-
ОРІЄНТОВАНИЙ І СУБ'ЄКТНО-ПРАВОВИЙ ПІДХОДИ ***

У статті обґрунтовано необхідність і досліджено особливості застосування агентно-орієнтованого та суб'єктно-правового підходів у сфері забезпечення економічної безпеки держави на прикладі вирішення фінансово-економічних, адміністративних і нормативних питань оподаткування в Україні.

Ключові слова: агентно-орієнтований підхід; суб'єктно-правовий підхід; забезпечення економічної безпеки; податковий контроль.

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**ОБЕСПЕЧЕНИЕ ЭКОНОМИЧЕСКОЙ БЕЗОПАСНОСТИ
ГОСУДАРСТВА НА ПРИМЕРЕ НАЛОГОВОЙ СФЕРЫ: АГЕНТНО-
ОРИЕНТИРОВАННЫЙ И СУБЪЕКТНО-ПРАВОВОЙ ПОДХОДЫ**

В статье обоснована необходимость и исследованы особенности применения агентно-ориентированного и субъектно-правового подходов в сфере обеспечения экономической безопасности государства на примере решения финансово-экономических, административных и нормативных вопросов налогообложения в Украине.

Ключевые слова: агентно-ориентированный подход; субъектно-правовой подход; обеспечение экономической безопасности; налоговый контроль.

Problem setting. Any kind of socioeconomic activities is to some extent related to the issue of national security and the need for appropriate management influence on the subjects whose actions affect the security. In particular, some of the most relevant issues are the issues of economic security in the area of taxation. It is necessary to form economically feasible mechanism that would induce taxpayers fulfill their constitutional duty to pay taxes and fees, creating partnerships between regulatory authorities and taxpayers and enabling the state to generate financial resources necessary to perform their tasks. Thus, the formation of optimal and adequate conditions of a market model of taxation is impossible, first, without understanding the nuances of motivation in individual behaviour and interaction of economic actors

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and, secondly, without proper administrative and legal support, first of all, effective tax control and detection, prevention, suppression in the field of taxation.

Recent research and publications analysis. The issues of economic security and ensuring it at the level of individual, organization, national economy and the state as a whole are today among the most popular in the fields of economics, management and law and they are covered in the works of V. Geyets (1999), L. Shevchenko et al. (2009), V. Muntiyan (1999), A. Sukhorukov et al. (2010) and many other scientists. In the works of Ukrainian economists and lawyers, researchers of specific aspects of security, special attention is given to the analysis of taxation and its relationship with the processes of economic security of the state, particularly can be noted the works of A. Holovach (2013), V. Koval (2012) etc.

Unresolved issues. At the same time the issues of ensuring economic security require additional justification for consideration of motivational factors in the behavior of business activities, the so-called economic agents, as well as changes caused by the influences of the environment on their behavior in today's transformation and crisis management. Along with this, special attention and indepth analysis deserve legal aspects of defining the influence of regulatory entities, whose main task is to ensure economic security, particularly, within the current taxation processes.

The research objective is theoretical economic and legal grounding of economic factors of the state security, which are considered on the example of taxation and application of agent-based and subject-based legal approaches.

Key research findings. The issue of economic security is often subjective at the level of the economy in general or of certain economic sectors and industries. In our opinion, the interaction between microeconomic agents can be explained and optimized in terms of the so-called agent-based approach, the application of which for ensuring economic security, taking into account the recommendations can be found in the works of D. Batten (2000), E. Fehr and A. Falk (2002), M. Aoki (2004), H. Dawid and M. Neugart (2011), and is reasonable in view of the following provisions:

- *human factor*: the analysis of the subjective component of economic activity shows the rationality or irrationality of economic agents' actions, which, consequently, can cause violations in state security. Enhancing the role of socio-psychological aspects of the operation and development of economic systems requires new tools in risk factors and security analysis, taking into account the most appropriate motivational and behavioral factors;

- *relationship with the permanently transformed external environment*: actions of economic agents are caused not only by changes in the behavior of competing agents and changes in the macroenvironment, but also by the possibility of affecting it, subject to its transformational characteristics and intensity of changes. That is, economic agents are the elements in the development of dynamic environment to which they belong, and at the same time can lead to the escalation of conflict situations involving economic security violation from the individual and organizational level to the state level;

- *possibility of economic activity programming*: agent-based approach is both an economic programming tool and a programming tool of artificial intelligent systems. In both cases, especially when they are used integratively, today there are real possi-

bilities of holding comprehensive analysis of multiagent systems and breach of security conditions in them. At the same time, economic agents are also enterprises, households and public institutions, whose task is regulating economic activity, particularly in the context of economic security.

The agent-based approach is directly related to the subjective approach in the legal field of economic security. Now, let us turn to the subjects activity issue in ensuring economic security, namely the creation of law enforcement agencies with the function of fighting economic crimes in the area of taxation in such countries as Georgia, Belarus and Ukraine, as well as their main tasks in accordance with legislation of these countries.

So, today in Ukraine these functions are performed by the tax police, which is a specialized police unit, in accordance with Article 348 of the Tax Code of Ukraine, and dedicated to combating tax crimes and is a body of pre-trial investigation in the cases of tax evasion and violations in the budget sphere (Tax Code of Ukraine, 2010). At the stage of tax police organization in Ukraine consideration of foreign countries experience is very important, in particular, Belarus and Georgia.

In this context, as noted by V. Koval (2012), there are 3 models of the law enforcement agencies functioning which are combating economic crimes in the field of taxation:

- *the first model*: in most countries these institutions are part of fiscal authorities, tax, tax and customs services (Tax Police of Ukraine; the Department of Financial Investigations of the State Control Committee of the Republic of Belarus; the Investigative Service of the Ministry of Finance of Georgia);

- *the second model*: such structures are part of law enforcement agencies (Main Department for Economic Security and Combating Corruption of the Ministry of Internal Affairs of Russian Federation);

- *the third model*: such structures work independently and report to the President (Agency of the Republic of Kazakhstan on Fight against Economic and Corruption Crimes).

In Georgia, the body, combating economic crimes in the field of taxation of the financial police inquiry service, established after the liquidation of tax police in 2009 (About the Investigation Service of the Ministry of Finance of Georgia, 2009).

In Belarus fighting against economic crimes in the field of taxation is performed by the Department of Financial Investigations of the State Control Committee of the Republic of Belarus. At the end of November 2001 by the Decree 617 of the President of the Republic of Belarus "On the measures of improvement of the system of the State Control Committee of the Republic of Belarus" on the basis of the State Committee for Financial Investigation of the Republic of Belarus was the Department of Financial Investigations of the State Control Committee of the Republic of Belarus established (About financial investigation bodies of the State Control Committee, 2008).

Based on the analysis of legal documents (Tax Code of Ukraine, 2010; About the Investigation Service of the Ministry of Finance of Georgia, 2009; About financial investigation bodies of the State Control Committee, 2008), the factors of forming the effective model for law enforcement agencies functioning, that are tasked with

combating economic crimes in the field of taxation in Ukraine, the Republic of Belarus and Georgia, are defined:

- *Ukraine*: prevention of criminal and other offenses in taxation and budgeting, their detection, investigation and proceedings on administrative offenses; wanted persons, fugitives from the investigation and trial for criminal and other offenses in the field of taxation and budgeting; preventing and combating corruption in regulatory bodies and detection of its facts; ensuring the security of employees in regulatory bodies, protecting them from illegal encroachments associated with the performance of official duties;

- *Belarus*: prevention, detection and suppression of crimes and administrative offences in economic field, including corruption-related offences; interrogation in criminal cases; protection the of society interests and the state from criminal and other illegal activities in economic field, economic security of the Republic of Belarus; protection of the rights and legitimate interests of citizens of the Republic of Belarus, foreign citizens and organizations in economic field;

- *Georgia*: within its competence, prevention, detection, investigation in full, organization and implementation of appropriate expertise on the basis of the authority granted by the normative acts of Georgia; in financial and economic fields – prevention and detection of administrative offences on the basis of the authority granted by the Code of Georgia on administrative offences and other normative acts; the prevention, detection and prevention of violations and corruption operations in financial and economic fields; security activities of the Ministry of Finance of Georgia and employees protection in these bodies from illegal encroachment in the process of performing official duties in the manner prescribed by law.

In accordance with the Regulations of the Department of Financial Investigations of the State Control Committee, approved by the Decree 87 of the President of the Republic of Belarus as of February 12, 2009 (About the Department of Financial Investigations of State Control Committee, 2009). The Department of Financial Investigations organizes activities and takes measures on general and individual prevention of crimes and administrative offences, according to legislative acts.

Thus, law enforcement agencies charged with combating economic crimes in the taxation field have powers concerning administrative offences and administrative process. In particular, in Ukraine, one of the tasks of tax police is the implementation of proceedings on administrative violations, in Belarus – management of administrative process, in Georgia – detection and prevention of administrative violations in financial and economic fields. At the same time, the tasks of the Department of Financial Investigations of Belarus have more economic focus than the Tax Police of Ukraine, as in Belarus the aforementioned body acts as a financial police with a range of powers on detection and counteraction to economic crimes.

Article 216 of the Criminal Procedure Code of Ukraine (13.04.2012) states that investigative bodies exercise control over the observance of tax legislation, conduct pre-trial investigation of crimes stipulated in the articles of the Criminal Code of Ukraine (05.04.2001), in particular, illegal production, storage, sale or transporting for the purpose of marketing of excisable goods (Article 204 of the Criminal Code of Ukraine, 05.04.2001), evading taxes, fees (Article 212 of the CCU, 05.04.2001) etc.

We can conclude that the norms of Ukraine's tax police jurisdiction include a short and precise list of offenses, as compared to the same department in Belarus. In accordance with the Criminal Code of Ukraine (05.04.2001) Ukrainian tax police carries out the pre-trial investigation in the form of inquiry.

Given the difficult economic situation in Ukraine these days and the need to effectively and promptly respond to all economic offences we should agree with A. Holovach (2013), who argues that Ukraine needs to create financial police or its equivalent, due to a change in the principles of economics and of financial flows, and there is a need to consolidate tax police resources and resources of other law enforcement and regulatory bodies, which carry out state control in financial and economic fields. The result would be the synergy of efforts for combating economic crimes and corruption.

In 2014 on behalf of the Prime Minister in Ukraine the concept of Financial Investigation Service and the documents necessary for its creation were prepared. According to this concept, the new service is to replace the tax police and include the units of the Ministry of internal Affairs and the Security Service of Ukraine fighting against economic crimes.

Thus, according to the legislation of Ukraine, Belarus and Georgia, subjects of state regulation in the taxation field have a specific and exhaustive list of tasks, analysis and comparison of which give the opportunity to determine their functions in detection, prevention and suppression of crimes in the financial and economic fields, including taxation. All of the above agencies are also tasked with the protection of officials of these bodies from an assault related to the performance of their official duties.

In addition to these tasks, law enforcement agencies responsible for tackling crime in taxation, have certain peculiarities by countries. The Department of Financial Investigations of Belarus carries out the fight against corruption among employees in such bodies, and all other administrative bodies. And only Ukraine's tax police is authorized to prosecute fugitives from the investigation and trial for criminal offences in taxation and budgeting. And the Department of Financial Investigations of Belarus and Investigation Service of Georgia have much greater economic focus than the Tax Police of Ukraine.

As a result of this research we can draw the following **conclusions**. First, the need for the analysis of ensuring economic security issues is substantiated from the point of view of the agent-oriented approach, the essence of which is that actions of business entities, economic agents, in particular, their projections in taxation, can be considered not only as interaction in a single system, but also with regard to their behavioral, motivational, focused on bilateral perception of macrofactors. Secondly, the specificity of the subject-based legal approach in the context of the activity analysis of economic security subjects is investigated, namely the law enforcement agencies and their functions under the corresponding legislation. Thirdly, we prove that with the aim of avoiding duplication of tasks of public authorities and improving the effectiveness of the authorities empowered to fight against economic crimes in Ukraine the elimination of the tax police is needed along with the establishment of a special body for financial investigations. The organization of the activities of such a body of inves-

tigations should be carried out using the experience of financial police in Belarus and Georgia.

Further research will be dedicated to scientific, practical and organizational issues of application of the agent-oriented and subject-based legal approaches in various fields of the national economy.

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