

УДК 336.226

*D.S. Stepanova*TAX ADMINISTRATION: ANALYSIS OF THEORETICAL APPROACHES IN
MODERN FINANCIAL THEORY

У статті проаналізовано існуючі теоретичні підходи до інтерпретації категорії «податкове адміністрування» в сучасній фінансовій теорії. Представлено авторський підхід до трактування фіскальної ефективності податкового адміністрування (критерії досягнення економічних і соціальних наслідків у державі, позитивна кореляція, корисний результат від податкових рішень, рішення задач податкової політики, з дотриманням міжнародних податкових стандартів, поліпшення ставлення громадськості до оподаткування) з виокремленням виявлених певних особливостей: адміністрування податків здійснюється не лише виконавчими органами, а й повноважними державними органами; податкове адміністрування — це організаційна діяльність, що організовує процес вдосконалення взаємовідносин між податковими органами та платниками податків; це управлінська діяльність, спрямована на практичне управління процесами оподаткування; основною метою адміністрування податків має стати забезпечення ефективності податкових надходжень; завдяки податковому адмініструванню здійснюється контроль за дотриманням учасниками податкових відносин відповідних законодавчих актів.

Податкове адміністрування є одним з основних елементів ефективного функціонування податкової системи та економіки держави. Ефективність податкової системи обумовлена

повнотою виявлення джерел доходів з метою обкладення їх податками та мінімізацією витрат по їх мобілізації та обов'язки сплаті. Основу ефективно організованої податкової системи визначають: правильність нарахування податків, своєчасність їх сплати, неможливість ухилення від оподаткування. Податкове адміністрування являє собою складну концепцію, що вимагає системного підходу. Це дуже широке розуміння його змісту від податкового адміністрування і податкової системи в цілому (в найширшому сенсі) до діяльності податкових органів контролювати правильність обчислення і сплати податкових платежів (у вузькому сенсі). Ефективна організація процесів оподаткування підприємств повинна визначати такий порядок нарахування і сплати податків, за якого не будуть утискатися інтереси ні держави при наповненні бюджету, ні підприємств з метою стимулювання їх розвитку.

The paper analyzed the existing theoretical approaches to the interpretation of the category of «tax administration» in modern financial theory. It was given the author's approach to the scientific study determining fiscal efficiency of tax administration (the criteria achieving economic and social impact in the state, positive correlation useful result from tax solutions cost to receive it, solving problems of tax policy, compliance with national tax international standards, improve public attitudes towards taxation.)with the opening of the identified features: tax administration is carried out not only the executive but also competent state agencies; tax administration is an organizational activity that organizes the process of improving the relationship between tax authorities and taxpayers; tax administration is management activity that is aimed at practical management processes taxation; the main purpose of tax administration should be to ensure the effectiveness of tax revenue. Due to tax administration is controlled by adherence to fiscal relations relevant legislation. Tax administration is a complex concept that requires a systematic approach. This very broad understanding of its content from the tax administration and tax system as a whole (the widest sense) to the activities of tax authorities to monitor the correctness of calculation and payment of tax payments (more narrow sense). Effective organization processes taxation shall determine a procedure for calculation and payment of taxes, which will not suffer any state interests when filling the budget, nor the interests of businesses in order to encourage their development. Result (effect) and the costs incurred to achieve this result.

Ключові слова: адміністрування, податкове адміністрування, фінансова ефективність податкового адміністрування.

Keywords: administration, tax administration, fiscal efficiency of tax administration

In view of modern socioeconomic transformations a dominating role of taxes in any country's economy development is hard to deny. As a basic instrument of economic regulation, taxes are the primary source for national budgeting and redistribution of gross domestic product. That is why such economic category as «taxes» has a direct impact on both government-owned and private segments of primary macroeconomic agents. So, the problems of taxation procedure and improvement still have a major importance for sustainable economic development of the country. Based on the above, experts in finance and tax management started developing scientific theories concerning taxation procedure and management, dedicating special attention to administration of taxes.

Fiscal administration and levies remains one of the most urgent problems not only in the field of taxation per se, but also in the field of management of financial and business activities of economic agents on the whole. And despite its urgent nature, there is still a significant gap in understanding both the theory and practices of administering tax revenues. Various economists studied the problems of local budgeting and local financing

within the study of the general budget and tax management system. Still we believe that too little attention was paid to fiscal effects of fiscal administration. To understand the latter, one should define the basic notion, and that is not easy, since the notion «administration of taxes» is very ambiguous.

We believe this is due to the fact that the notions «tax administration» and «fiscal administration» have not been scientifically substantiated. Those notions are similar, yet not identical.

For instance, a number of Russian experts use the notion «tax administration», but with different meanings. V.A. Krasnitsky believes it is a «system for government control of tax relations» [1, p.22]. M. Mishustin interprets the notion as «activities aimed at administering tax laws» [2, p. 75]. T. Ashomko thinks it is «control of complete and timely payment of taxes and levies» [3, p. 45].

In his research V.L. Andrushchenko associates the notion of «tax administration» with politics, science and arts. From the political perspective tax administration is a national policy as it is understood by government agencies and administrative institutions, and with the help of which financial resources are distributed through taxation mechanism between the state and the public [4, p.76-78].

Domestic experts identify these two notions and use them in the same context. For instance, Y.B. Ivanov and A.I. Krysovaty use the notion «fiscal administration liabilities», which they identify with the notion of «tax administration» and interpret as the «procedure for exercising rights and obligations of persons subject to tax law concerning settlement and discharge of tax liabilities». Since tax relations are based on tax law standards, this definition seems to be viable. However, it does not provide for possibility to manage tax flows [5, p.182].

According to I.A. Peronko and V.A. Krasnytsky, «tax administration is a system for government control of tax relations. Tax relations are a subject of tax administration». And further «the notion of «tax administration» opens up in both senses. Firstly, it is a system of management bodies (legislative and administrative tax authorities), duties of which include procedural support for tax concept of a scheduled period: review and discussion, approval by legislative action. On the other hand, these bodies shall draw up reports on tax budget performance and carry out comprehensive analysis of those reports. Secondly, it is a set of rules regulating tax actions and specific taxation techniques, and even measures defining responsibility for violation of tax laws». One cannot adhere to this definition, since we believe that tax administration is a certain kind of enforcement [1, p.22].

To ensure timely and complete payment of tax revenues, it is not enough to issue standards and regulations supporting the will of the ruling circles. It is necessary to ensure subordination of people and companies, which shall comply with these regulations. According to M.V. Karasyova «...what the government wants first and foremost are taxpayers, who voluntarily discharge their tax obligations by means of their own actions without any assistance from public authorities», and further «as for actions of the public authorities to ensure discharge of tax obligations, they are all secondary and enforced in the tax regulation system» [6, p.44-45]. Certainly, voluntary discharge of tax obligations requires reciprocal measures on the part of respective authorities.

Having analyzed the existing ideas of tax administration, one might say that tax administration procedure is based on the tax law and is a set of legal standards (legal instructions) defining code of conduct for participants in tax relations. The sources of the tax law are the Constitution of Ukraine, the Internal Revenue Code of Ukraine, other legislative acts regulating relations in the field of taxation.

Scientific research underlines dominating role of fiscal administration, characterized by a share of tax revenues in the state budget revenues, uniform principles of accounting, assessing and effecting tax payments and non-tax payments, as well as responsibility of taxpayers and contributions to special purpose state funds.

We believe this definition is not perfect, since fiscal administration shall not imply regulation of non-tax payments and contributions to special purpose state funds

Modern financial literature is not unanimous regarding what fiscal administration really is.

Domestic experts and politicians started to use the notion «fiscal administration» in the second half of the 1990-s. Every application of this notion proved a substantial difference, and in some cases even ambiguity of meaning. There is no legal definition of the fiscal administration in standard legal acts, despite the fact that the notion is widely used by politicians and government officials, though it is often interpreted differently. This notion is new for scientific literature as well. Modern literature is not unanimous regarding what tax administration really is.

Despite its wide use in practice, first attempts to make up scientific definition of «administration of taxes» in Ukraine were made as recently as early 2000-s by V.M. Melnyk. He offered the following definition: «fiscal administration is a management activity of public executive bodies aimed at organization of taxation procedures, it is based on national legislative and standard acts and applies socially induced and accepted rules» [7, p.228]. However, it is still unclear, what social rules regulating administration process apply in this case, since any management activity shall be based on standard legal acts and nothing more.

Among basic concepts of tax management V.M. Melnyk distinguishes the following: accounting (registration of taxpayers and tax revenue accounting), awareness-building and advisory activity, predictive analytics, monitoring and inspecting [8, p.57].

It is worth mentioning the idea of T.O. Protsenko, who strives for wider understanding of the problem and determines two categories of administration: firstly, fiscal administration as a system of legally defined relationships between the state, which is the primary party to establishing tax environment, and taxpayers; and secondly, administration of taxation processes as a system for execution of taxation functions under existing business conditions. This approach is viable, however we believe that these two categories complement each other, and it is feasible to unite them into single comprehensive economic notion [9].

In some sources fiscal administration means primary management function including planning, organization, management, accounting, control, whereas in other sources it means a science, which defines principles of efficient management of tax system under certain socioeconomic and sociopolitical conditions, and assesses tax system according to certain theoretical criteria. However, fiscal administration interpreted that way becomes in fact identical to tax management, which is a management process used to enforce tax policy by applying methods of impact of taxation mechanism on tax system.

Tax management is usually viewed in three perspectives: as a system of tax management, as a designated category of people managing taxes, and as a business type (corporate and personal tax management).

There is also a definition of «fiscal administration» as a national policy: activities of government agencies and administrative institutions, by means of which available financial resources are distributed in certain proportion through taxation mechanism among private and public sectors of economy, between the state and the public, and the government carries out its functions financed from tax revenues. This wide definition of administration is justified, however when interpreting fiscal administration it is feasible to underline its specific features, peculiarities distinguishing this notion from the rest.

A.A. Sadyekov and V.M. Pokynteletsia were probably ones of the first in domestic science, who performed comprehensive systematization of existing definitions of «fiscal administration» and determined approaches to definition of this notion with advantages and shortcomings thereof, namely: process, organization, process and organization, applied, legal, stratified and management approaches [10, p.114–118]. Based on their research, the authors suggested defining fiscal administration as a type of comprehensive systemic organization of tax regulation processes, control and collection of taxes, based on combination of imperative methods of tax authorities and stimulation of taxpayers' self-initiative. They believe this definition is more accurate due to separation of activities of representative and executive bodies of state tax control, complete variety of duties of tax authorities, taking into account taxation system reform trends.

We believe this systematization makes some sense, however study of tax administration would be scientifically inappropriate and limited without dwelling on widely known views of other domestic scientists on the matter.

For instance, A. Selivanov believes that «fiscal administration means legal relations established within the framework of activities of government authorities for settlement of taxes payable and stipulating application of enforcement methods to taxpayers» [11, p.34–38]. As noted before, fiscal administration is an exclusively economic category, so it cannot mean legal relations.

A. Lastovetsky argues with A. Selivanov and offers a wider definition of «fiscal administration», namely a «mechanism including a set of methods, procedures and legal means for disposal of taxes and levies by public authorities» [12, p. 37–40]. However, as a rule, «disposal» is carried out by taxpayers subject to the law, and not by public authorities for fiscal administration or based on decisions thereof. Moreover, viewed in the given context as a set of methods, fiscal administration seems to operate as a management system without any regard to external administration links, which are a part of control function in taxation.

In modern economic literature one comes across actual identifying of «fiscal administration» with «tax system management», in which case the notion of «administration of cases» can be defined as management in the field of taxation. Some experts define fiscal administration as a dynamic management system for modernized tax authorities in market economy.

Some scientists associate the notion of «fiscal administration» with activities of tax authorities, namely monitoring compliance of legal entities and individuals with the tax law.

These ideas are further developed by A. Aronov and B. Kashin, who believe that fiscal administration is a tool defining eventual success or failure of the general budgetary, fiscal and economic policy of the country [13, p.111–113].

N.S. Shalimova interprets the notion as a set of methods, measures and means of information support, based on which public executive bodies steer taxation mechanism in a direction defined by the law and coordinate tax activities under significant changes in economy and politics [14, p.115]. So, one of the defining aspects of fiscal administration is smooth interaction of public management and control bodies.

One should mention that fiscal administration has a wider meaning than mere tax control, yet it is an integral part of tax system management. Among a variety of ideas in Russian scientific literature there are two approaches to interpreting the meaning of the notion. In a broad sense fiscal administration means a system for management of tax relations (tax system). In a narrow sense administration of taxes means tax control performed by tax authorities.

Tax administration is a comprehensive notion requiring a system approach. Thus, there is a fairly wide understanding of its meaning: from tax system management and taxation in general (the widest interpretation) to activities of tax authorities monitoring accuracy of assessment and of effecting tax payments (narrower interpretation).

When we discuss the notion of «fiscal administration» there is another important category one should take into account along with such categories as «organization, management, control», and it is efficiency.

As a rule, efficiency is a characteristic of an object reflecting its social utility, performance or other positive qualities. In a broad sense efficiency means a ratio of the result (effect) to the cost incurred to achieve this result.

In some reference books absolute efficiency is defined as «economic efficiency determined as a ratio of the result obtained to the total cost», whereas the notion of «efficient» is interpreted as something that «brings required results or consequences, produces the largest effect or induces the effect». From the perspective of tax management one can distinguish the following criteria of efficiency:

- producing economic or social effect in the country;
- positive ratio of useful result of tax decisions to costs incurred to achieve this result;
- solving tasks of tax policy;
- compliance of national taxation with the global standards;
- improving attitude of the public to taxation.

Thus, based on compilation of theoretical views on the essence of the notion «fiscal administration» we would like to offer our own interpretation of this phenomenon.

Fiscal administration is organization and management performed by public authorities to ensure efficiency of tax collection (levies, tax payment).

Defining the essence of this definition, we would like to note some of its peculiarities, namely:

- fiscal administration is carried out not only by executive bodies, but also by public authorities;
- fiscal administration means organizational activity, that is, organizing the procedure for improving relationships between tax authorities and taxpayers;

– fiscal administration means management activity, that is, its purpose is operating management of taxation processes;

– primary purpose of fiscal administration shall be ensuring efficiency of tax revenues;

– through fiscal administration compliance with respective legislative acts by participants of tax relations is monitored.

Tax administration is one of the basic elements of efficient tax system and economy of the country on the whole. Efficiency of tax system depends on completeness of detection of income sources for the purpose of taxation and minimization of costs of its mobilization and tax liabilities. Efficiently operating tax system is based on the following: accuracy of tax assessment, payment of taxes in due time, impossibility of tax evasion. Efficient taxation procedures for companies shall determine the manner of tax assessment and payment, when neither interests of the companies, nor budgetary interests of the state are infringed. Efficient taxation shall stimulate development of companies based on the result (effect) and costs incurred to achieve this result.

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