

UDC 336.22 (047.3)

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## IMPROVING THE TAX REPORTING PROCESS

## УДОСКОНАЛЕННЯ ПРОЦЕСУ ПОДАВАННЯ ПОДАТКОВОЇ ЗВІТНОСТІ

### ANNOTATION

The activities of each government should be aimed at ensuring decent living conditions and meeting the needs of the population. Taxation is one of the main tools for regulating economic relations between the state and economic entities and citizens. The article examines the economic factors that affect the processes of taxation of enterprises in Ukraine and European countries, the range of problems that taxpayers face when submitting reports to the regulatory authorities has been established. The article examines the problem related to the taxation of enterprises, with the process of submitting tax reports to regulatory authorities. It is revealed that moderate taxation is typical for most countries today. This is the result of a tax policy whose priority is to achieve the goal of creating a stable economic growth, a favorable tax climate for the development of economic activities and effective solutions to social problems in the state. The article analyzes the features of the taxation system of enterprises in other countries, compares the results of recent research and publications in this area, which are offered by foreign and domestic experts. The main directions of the policy aimed at overcoming negative factors that hinder the development of enterprises are established, and ways of solving problems.

**Key words:** taxes, enterprise, financial result, production activity, tax rate, value added, tax return.

### АНОТАЦІЯ

Діяльність кожного уряду повинна бути спрямована на забезпечення гідних умов життя і задоволення потреб населення. Оподаткування є одним з головних інструментів регулювання економічних відносин держави з суб'єктами господарської діяльності та громадянами. В статті досліджено економічні фактори, які впливають на процеси оподаткування підприємств в Україні та країнах Європи, встановлено коло

проблем, з якими стикається платники податків при наданні звітності до контролюючих органів. В роботі досліджуються проблеми, пов'язані з оподаткуванням діяльності підприємств, з процесом подання податкової звітності до контролюючих органів. Виявлено, що для більшості країн сьогодні властиве помірне оподаткування. Це є результатом проведення такої податкової політики, пріоритет якої полягає в досягненні мети створення стабільного економічного зростання, сприятливого податкового клімату для розвитку господарської діяльності та ефективного вирішення соціальних проблем в державі. В статті проаналізовані особливості системи оподаткування підприємств в інших країнах, зроблено порівняння результати останніх досліджень і публікацій в цій сфері, які пропонуються зарубіжними і вітчизняними фахівцями. Встановлено основні напрямки політики, спрямованої на подолання негативних факторів, що перешкоджають розвитку підприємств, запропоновані шляхи вирішення проблем.

**Ключові слова:** податки, підприємство, фінансовий результат, виробнича діяльність, ставка оподаткування, додана вартість, податкова декларація.

### АННОТАЦИЯ

Деятельность каждого правительства должна быть направлена на обеспечение достойных условий жизни и удовлетворения потребностей населения. Налогообложение является одним из главных инструментов регулирования экономических отношений государства с субъектами хозяйственной деятельности и гражданами. В статье исследованы экономические факторы, которые влияют на процессы налогообложения предприятий в Украине и странах Европы, установлен круг проблем, с которыми сталкивается плательщики налогов при подаче отчетности в контролирующие органы. В работе исследуются проблемы, связанные с налогообложением деятельно-

сти предприятий, с процессом подачи налоговой отчетности контролирующим органам. Выявлено, что для большинства стран сегодня присуще умеренное налогообложение. И это является результатом проведения такой налоговой политики, приоритет которой заключается в достижении цели создания стабильного экономического роста, благоприятного налогового климата для развития хозяйственной деятельности и эффективного решения социальных проблем в государстве. В статье проанализированы особенности системы налогообложения предприятий в других странах, сделано сравнение результатов последних исследований и публикаций в этой сфере, которые предлагаются зарубежными и отечественными специалистами. Установлены основные направления политики, направленной на преодоление негативных факторов, препятствующих развитию предприятий, предложены пути решения проблем.

**Ключевые слова:** налоги, предприятие, финансовый результат, производственная деятельность, ставка налогообложения, добавленная стоимость, налоговая декларация.

**Statement of the problem.** Ukraine's acquisition of State independence and transition to a market economy have necessitated global changes in the tax relationship between taxpayers and the budget. The increasing number of taxpayers with diverse forms of ownership resulted in a more complex process of reporting, which in turn complicated the control of proper performance of obligations to the budget by taxpayers. Compulsory deductions paid by businesses and citizen's play an important role in the stability and development of any country. They constitute the budget of every state. These contributions are taxes. The totality of the established taxes, principles, forms and methods of their establishment, amendment, cancellation, collection and control constitute the tax system of the state. The tax system is used to address national objectives. Thus, the solution of problems related to the process of taxation and reporting by enterprises in the modern conditions of economic development is an urgent task.

**Analysis of recent research and publications.** Among the weighty scientific studies of foreign scientists in the field of development of tools, levers, mechanisms of state tax policy are the works of A. Smith, F. Nitti, S. Witte, A. Laffer, Charles de Sismondi, A. Sokolov, E. Atkinson, A. Lerner, A. Auerbach.

**Formulation of the objective:** to identify ways to optimise the process of tax reporting to the regulatory authorities, to study the experience of foreign countries on the taxation mechanism and to determine the possibilities of its application in domestic practice. The object of the study is to identify the causes and analyse the problems associated with the process of tax reporting to the state tax administration.

**Summary of the main material.** Tax systems are an effective instrument of state regulation of the processes that occur in the economy and social life of society. The main instrument of state regulation is tax policy and financial impact on entrepreneurship. Owing to this influence, the state achieves its goals of ensuring economic growth, conducting effective price policy, employment of population, establishing social

security system, creating equilibrium in foreign economic activity, etc.

The role of taxes is not just to fill budgets at different levels. Taxes are an important lever of influence on entrepreneurial activity. Through taxes, the government influences the pace of economic development and the competitiveness of certain sectors of the economy. The latter is achieved through the use of tax incentives. And by regulating the size of tax rates, the state affects the amount of revenue that the state can collect from the budget.

Smith believes that the tax system should be subject to the classical principles of taxation: fairness, certainty, convenience, economy [1].

There is a problem not only in the collection of taxes, but also in their rational use. The tax system is an important instrument of economic and social policy. A well-considered system in the economic, tax and social spheres, its mutual consistency contribute to economic development and socio-political stability of the state. Miscalculations and extremes only complicate the socio-economic situation in the country. Tax reporting is the reporting that is submitted to the tax authorities and extra-budgetary funds and characterizes the state of the company's obligations related to the calculation and payment of taxes and other obligatory payments.

The taxation system, like the financial or political system, has certain features and differences in each country. Let us analyze the process of enterprise taxation in the European countries and discover the characteristics of each of them in order to use them effectively in the Ukrainian context.

Taxation in France is one of the highest in the world. However, the French have long become accustomed to this burden and take responsibility for completing their annual tax returns. The country's budget consists of more than 90% of tax revenues.

The number of all taxes and levies exceeds 200, whose rates and conditions are reviewed annually by the French parliament. The French tax system has evolved over many decades, reflecting the historical and cultural peculiarities of the country. Among its main features: social orientation, predominance of indirect taxes, a special role of income tax, consideration of territorial aspects, flexibility of the system combined with severity, a wide system of benefits and discounts, openness to international tax agreements.

The basic principle of German taxation is as follows: "Taxes must match the value of services provided by the state". Germany has a complicated and ramified tax system. All taxes owed by German citizens and non-German citizens are reported on a monthly basis: the tax office sends written notices to the post office. Specialist help with tax payments is commonplace in Germany.

The German consolidated budget is divided into three levels: the central (state) budget,

the budgets of the 16 federal states, the budgets of urban and rural communities. Taxes account for about 80% of the total budget revenues [2; 3].

Taxation system in Denmark differs from other EU countries by its rates. The amount of tax depends on two main factors: the residence status in the country and the source of revenue. Taxes in the Danish Kingdom are very high. Up to 50% of the country's budget is income tax, which is paid not only on wages but also on pensions, allowances, scholarships and any other sources [4; 5].

Countries with high taxation according to the Global Competitiveness Index [6] include Argentina, Colombia and the UK.

European countries more often apply a progressive taxation scale: the more you earn the bigger share you share with the budget. Progressive taxation may have a positive effect on government expenditure on social goods such as medicine and education, but it must be combined with other changes.

Today, Ukraine is basing its tax system on the most developed countries in the world. The tax system of our country acts as the main tool for implementing the economic doctrine and provides the financial base of the state. At the current stage of economic development, there are some shortcomings in our tax system, of our country, namely:

- lack of stability in the tax system. There is a problem of confusing and contradictory tax regulations, which are periodically amended and modified to this day. This leads to instability of the economy as well as tax miscalculations, for which businesses have to pay fines for late tax payments;

- the tax system in Ukraine does not accommodate the interests of different sectors of society. This function provides for social equilibrium in society. Its lack in our system is also reflected in severe social stratification in the income side. This is a rather significant flaw in the system;

- excessive tax burden borne by taxpayers;
- excessive distribution of tax exemptions, leading to budget losses;
- uneven distribution of the tax burden across economic sectors and individual taxpayers;
- weak control over tax collection. This leads to tax evasion and hence reduced tax revenues for the budget.

The main goal of tax reforms should be to ensure that taxes are paid voluntarily. Taking measures to ensure that business entities can file their tax returns electronically as required by law is now an urgent priority.

The procedure for taxpayers to submit tax returns to the tax authorities is determined by Ukrainian legislation. Tax returns are submitted to the tax authority where the taxpayer is registered.

In order to improve methods of tax administration by means of new information technologies in the tax system of Ukraine it is necessary to introduce and develop information systems with electronic processing of tax returns, automatic maintenance of personal accounts of taxpayers, accounting of tax objects in order to control the accuracy of tax calculation.

Considering the experience of countries with developed economies, which also mainly by trial and error implemented tax laws in their territories, our government requires an unconventional approach to tax system development. The result of this approach could be to stabilize the foundations of taxation, laying the foundations of a coherent tax base, on the other hand, creating favorable conditions for improving the mechanism of tax assessment and collection. Ukraine has established a tax system that allows to mobilize funds at the disposal of the state, to carry out their distribution and redistribution for the purposes of economic and social development [7; 8].

Considering the above and the experience of tax reforms in developed countries, the following measures are proposed to improve taxation processes: Basic tax payments should be given greater elasticity in terms of differentiation of tax rates, reduction of preferential taxation, harmonization of consumption taxes with personal income and corporate income taxes. Taxes should complement each other with the aim of achieving a uniform tax burden and an optimum redistribution of funds between individual social groups and territories.

**Conclusions.** The present system of taxation in Ukraine needs further improvement. The experience of economically developed countries shows that only based on a deep comprehension of the processes taking place in taxation, the search for new solutions and compromises can the necessary reforms be implemented in practice. For this purpose, it is necessary to put quality, high level of service and transfer the maximum number of services online in the first place.

The tax system of development strategy should be oriented toward approximation of Ukrainian legislation to that of the EU. The key function is to make the entrepreneurial process as automated as possible.

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