

Taxpayer in the Legal Mechanism of Tax as a Leader and Engine of Economic Transformation

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Abstract This paper considers the main element of the legal mechanism of tax - the taxpayer. Its leadership status in the static system of the state and in the dynamics of social transformations is determined. At the same time, using the comparative method and methods of analysis and synthesis, the collection of mandatory tax payments and fees in the tax systems of various countries of the world is shown.

Our comprehensive review indicates the paramount importance of the taxpayer among any other elements of the legal mechanism of tax. The team of authors draws attention to the need for a detailed study of the problem associated with determining the role and "size" of the taxpayer in the tax system, establishing a circle of taxpayers, those persons who are charged with tax duties by the state.

Keywords: *taxpayer, legal mechanism, leadership, economic transformation*

1 Introduction

It is well known that leadership is a socio-psychological process in a team or group, built on the influence of a person's personal authority on the behavior of their members. These are relations of domination and submission, influence and following in the system of relations. The public super-system today is the institution of the state. At the same time, no state can exist without a system of population payments established in it to ensure the functions of the state itself.

2 Taxation and taxpayers

Taxation is one of the most important elements of the state mechanism, which is essentially not only economic, but also social management lever. The ideas of Smith, Locke, Keynes, Wagner are currently formed in a certain system in which taxpayers should take a material part in financing the needs of the state in proportion to the income received by them under the auspices and with the support of the state (Bech 2001). Based on such a role and economic function in the mechanism of the state as a whole, the leading, paramount place and importance of the taxpayer among any other elements of the legal mechanism of tax in particular are not disputed. It should also be noted that the taxpayer actually makes into the legal mechanism of mandatory tax payments aspects of expression of will, consciousness, activity - those qualities that he receives as the subject of tax legal relations (Rossikhin et al. 2018).

From our point of view, the right one in determining a taxpayer is a combination of the formal and substantive side of the mechanism for fulfilling a tax obligation, which is reflected in the constitutional norm on the general obligation of everyone to pay taxes and fees (The Verkhovna Rada of Ukraine 1996) and is detailed by

general tax law on obligations and rights taxpayers enshrined in the industry normative legal act - the current Tax Code of Ukraine, adopted in 2011 (The Verkhovna Rada of Ukraine 2011).

In foreign practice, there is no single approach to classifying the taxpayer as "large", the role of which increases in the era of globalization of the economy. As a rule, this is a combination of several different criteria, in particular indicators of the turnover of goods and services, income and profits, etc. Thus, the most common indicators are the volume of gross income (used in Austria, Ireland, the Netherlands, Denmark, Germany, France, Italy, Norway), the amount of taxes paid to the budget (used in Ireland, the Netherlands, Serbia, Bulgaria, Hungary), the number of employees (in Austria, Denmark, Ireland, Norway), etc. (Rossikhina et al. 2018).

To service large taxpayers in developed countries, new effective tax control mechanisms are introduced to prevent and identify possible abuse, separate departments and structural units are being created. In Brazil, in particular, a special unit for servicing large taxpayers exists only for large financial institutions. In Greece and Canada, the special unit deals only with large companies. In Latin America, in particular in Ecuador, Mexico, Uruguay, large taxpayers are subordinate to the central department of the large taxpayer services department, which oversees their activities.

In the United Kingdom, a Big Business Service Center has been established to improve relations between large taxpayers and tax authorities. The country widely uses the horizontal monitoring method, a condition for the introduction of which at the enterprise is the signing of a tax control statement. It is worth noting that thanks to the signing of this statement, company leaders are able to control their own tax risks (Holovko et al. 2018).

In general, in most countries, large taxpayer service units are universal and carry out all the basic functions of tax regulation, including tax control. The main reason for creating separate units for tax control of the activities of large business entities is the need to ensure a stable inflow of tax revenues to the budget.

The creation of specialized state tax inspectorates to work with large taxpayers in the era of globalization is vital for states that have:

- 1) a commodity-oriented economy;
- 2) undeveloped democratic institutions;
- 3) existing oligarchic structures.

As a result, the government of such states becomes hostage to a small number of enterprises that form the state budget. There are three tasks of introducing a system of inspections for work with large payers of the taxes:

- financial: increasing the level of collection of state revenue;
- administrative: improving the quality of tax authorities;
- economic: big business gets conditions that put it in a more favorable economic and competitive position.

There are many models of inspections for work with large taxpayers, which differ in the following (Zaripov 2006):

1. By competency. Inspections can conduct comprehensive administration of large tax payers (register, receive declarations, keep accounts, etc.) or perform certain functions. For example, to carry out mainly controls, and the administration function is performed by local inspections.

2. By organizational structure: the only body in the state, (this body is an extensive system of units or several bodies).

3. By objects of control. Some inspections are based on an industry principle, when one inspection administers one industry. In some countries there are inspections that administer various taxpayers belonging to various sectors of the national economy.

Experts also note a number of negative factors and consequences of introducing a system of inspections for working with large taxpayers:

- the consequences that the system itself generates: attention is diverted from other taxpayers;
- the consequences associated with the imperfection of creating a system of inspections to work with large taxpayers. The problem of duplication of the tax system, the lack of special procedures and control methods. The system of inspections for large taxpayers is introduced by trial and error (Yaroshenko 2012);
- consequences associated with the ongoing activities of inspections.

There is also no organizational and political support. In order for the best specialists to work in inspections, constant efforts are needed: both political and budgetary, and raising the wage rates for inspectors themselves. There are shortcomings in the support of professional level personnel. All these negative factors and the

consequences of introducing specialized state tax inspectorates for working with large tax payers exist in Ukraine (Yaroshenko 2012).

An important component of the tax administration system is today the registration and accounting of taxpayers. On the one hand, the registration procedure should be as simple and quick as possible, on the other hand, the information that taxpayers provide about themselves must be reliable, as verified as possible.

The registration process is fast enough and does not allow the formation of a single database, which would include not only legally relevant data (Rossikhina et al. 2018), but also identified potential candidates for tax evasion. The current regulatory framework makes tax administration difficult.

An operational, customer-friendly, and state-complete registration system plays an important role in improving the business environment. Given this, the created "single window" for registering entrepreneurs looks like a positive step, but this system does not provide a process for checking information from applicants who register, and this in turn is an important problem. The tax authorities are not authorized to register information on taxpayers when registering, because it comes automatically from the State Registrar.

Thus, the information is unverified, which leads to the risk of registering fictitious companies, companies for dummies, as well as persons who at one time committed a violation of tax laws and may still be prone to fraud. It is at this important stage that the primary identification of taxpayers should take place.

It should be noted that in modern fiscal thought, rather little attention is paid to the problems of registration of taxpayers, and the existing views are quite different. So, there is a point of view that the transfer of the verification procedure of information provided by potential tax payers from the post-registration stage to the registration stage will not give a positive effect on the fight against fictitious companies, potential tax violators. The study of international experience in the registration and accounting of taxpayers showed that the generally accepted principle in the world practice of tax administration is the permissive principle of registration of taxpayers, which provides a comprehensive check of the business history of the tax payer in order to eliminate from the array of business entities at the stage of registration of unscrupulous payers (tax evasion, minimization and etc.). In contrast to this, in Ukraine the system of registration and accounting of taxpayers is built on the application principle, when the tax service is obliged to register the payer within a certain period of time, regardless of how conscientious his previous activity is, the history of paying taxes (Rossikhina et al. 2019)

Progressive is the introduction of a risk-based system for assessing the activities of taxpayers. Thanks to its use, the tax authorities managed to reduce the annual number of enterprises that underwent documentary checks. However, the content of such a system remains insufficient. So, to systematize and analyze all the necessary information coming to the tax authorities, it is possible only by applying modern database processing technologies using electronic communications. In the framework of the implementation of this issue, it is necessary to legislatively determine the mechanism for the provision of statistical and other information to the state tax service bodies by commercial banks, territorial bodies of the Goskomstat, law enforcement structures, which indicates not only the minimization of tax payments, but also characterizes the financial and economic activities of taxpayers, as well as information on the composition of the founders (participants) of business entities.

3. Effective tax systems

Given the tendency of high-income individuals to conceal capital, it is becoming increasingly difficult to introduce effective, progressive tax systems. To achieve partnership in the tax system, it is necessary to improve the organization of relations between taxpayers and regulatory bodies in the following main areas: official correspondence of regulatory bodies with payers; providing advice to payers; reporting of payers, collection of tax debt in order to improve the effectiveness of bilateral relations and establish "feedback". In turn, building full-fledged partnerships between tax authorities and taxpayers, reducing fiscal pressure, creating an easy and effective tax administration system should include:

1) optimization of the tax system in order to improve the investment climate in Ukraine (simplification of document flow due to a decrease in the number of tax reports, requirements for the submission and execution of tax documents; achieving an unambiguous interpretation of tax norms; reducing the tax burden on small and medium-sized businesses);

2) improving the exchange of information between central executive bodies with the aim of detailing the economy and increasing the revenue side of the budget (minimizing the asymmetry of information, efficient functioning of a single online database of taxpayers);

3) improving tax control to focus the regulatory authorities on business entities that evade paying taxes, as well as minimizing the intervention of regulatory authorities in the activities of bona fide taxpayers (taking into account the risk-based approach to payers);

4) replacement of the payer's postaudit, existing now, with the current monitoring of its activities and the possibility of refusing to conduct constant counter checks (reconciliations);

- 5) reducing the time of communication between the taxpayer and tax officials (in order to exclude the subjective factor on the part of the official when deciding on the taxpayer);
- 6) the introduction of the principle of "trust" in relations between the tax authority and the taxpayer.

The identified priority objectives of the tax policy for the medium term, on the one hand, are aimed at developing an effective model of fiscal partnerships and filling the budget in order to increase social standards of living, and on the other hand, should contribute to economic growth and the creation of a European-style tax system in Ukraine.

It should be noted that a significant obstacle at the stage of introducing the permitting principle in the process of accounting and registration of taxpayers is the unsatisfactory state of development of the information and analytical base of the tax service, since information technology systems in some cases even assume the function of submitting income declarations, since in countries with developed economies and great financial opportunities, government agencies have enough information to calculate tax liabilities taxpayer TV without any help on the part of the payer and in order to inform payers of the amount of taxes payable. Moreover, the technical level of information technology systems in a given tax administration significantly affects the quality of information received and processed in the process of registration of taxpayers, and the extent to which the tax administration can use this information to ensure and monitor compliance with tax requirements legislation.

Based on the analysis of the current tax legislation, the entire set of established taxes and fees of a tax nature, depending on the criteria of the taxpayer, can be divided into: a) those that are levied only on individuals; b) those that are levied exclusively on legal entities; c) those that are charged simultaneously from individuals and legal entities. A classic example of a tax that only provides for individuals as a payer is personal income tax. In contrast to this tax, there is a corporate income tax that applies only to taxpayers - legal entities (The Verkhovna Rada of Ukraine Legislation of Ukraine 2011). Accordingly, such differentiation of taxpayers allows us to establish for each of these taxes the tax regime inherent exclusively to it. The latter in each case should contribute to the implementation of the basic functions of the mandatory tax payment - fiscal and regulatory.

4. Conclusions

All in all, our own analysis of the scientific views on the essence of the tax allows us to conclude that throughout the entire history of civilization there is a gradual, accelerated clear legal regulation in the modern world, the aging and change of public views on the category of "tax" not only as a tribute, sacrifice of private property, coercion, dependence, but also assistance to the state, necessary payment, constitutional debt, an instrument to achieve the goals of the state itself, carried out thanks to its payment by the payer. However, in the "risk" system of modernity, there is a high probability of a negative understanding of the "tax" category that can lead to an increase in tax evasion. That is why further studies of the rational nature of taxation, and the determination of the leading and paramount place of the taxpayer in the legal mechanism of the tax itself, are necessary and relevant.

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