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TRANSFORMATION OF DIRECTIONS OF INTERACTION OF TAX BODIES AND ENTERPRISES IN THE PROCESS OF THE REALIZATION OF TAX CONTROL

Abstract. The focus of tax reforms in Ukraine, the development of partnerships between payers and supervisors requires new approaches to tax control. The current state of the functioning of the tax control system in Ukraine shows the necessity and at the same time its unpreparedness to transition to more advanced forms, including horizontal monitoring.

The purpose of the article is to substantiate the need for effective interaction between taxpayers and controlling bodies in the context of improving the quality of tax control.

The methodological basis of the study, in particular the theoretical positions, is the methods of scientific abstraction, induction, deduction, logical method, etc. For analytical research mathematical methods were used, in particular correlation-regression analysis, methods of comparison and grouping, synthesis, tabular and graphical methods.

As a result of the research, it was found that the main factors hindering the implementation of horizontal monitoring in Ukraine are the lack of compliance with the legislative framework, the insecurity of the confidentiality of information on the activities of taxpayers, corruption in the DFS, large amounts of shadow economy in the country, etc. At the same time, the high level of inconsistency of the assessed tax liabilities and a considerable number of disputes as a result of this also confirm the low level of trust and cooperation between the DFS authorities and the payers.

The analysis of the state of tax audits and the dynamics of tax debt — the calculation of correlation relationships between these indicators ($R^2 = -0,92$) and the forecast of tax debt — showed that preventive tax control measures do not discipline payers to pay them tax arrears, the conducted tax inspections have a positive effect on the repayment of the tax debt by the payers. Such research results indicate that there are problems in establishing trusting relationships between

payers and supervisors and the need to find ways to adjust them in the context of the development of progressive forms of tax control.

Keywords: fiscal authorities, tax control, horizontal monitoring, tax audit, monitoring of economic operations, tax risk, tax debt, large tax payers.

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ТРАНСФОРМАЦІЯ НАПРЯМІВ ВЗАЄМОДІЇ ПОДАТКОВИХ ОРГАНІВ ТА ПІДПРИЄМСТВ У ПРОЦЕСІ РЕАЛІЗАЦІЇ ПОДАТКОВОГО КОНТРОЛЮ

Анотація. Спрямованість податкових реформ в Україні, розвиток партнерських взаємовідносин між платниками та органами контролю вимагає нових підходів до проведення податкового контролю. Сучасний стан функціонування системи податкового контролю в Україні свідчить про необхідність та одночасно неготовність її до переходу на нові прогресивні форми, зокрема горизонтальний моніторинг.

Метою статті є обґрунтування необхідності налагодження ефективної взаємодії платників та органів контролю в контексті підвищення якості податкового контролю.

Методологічною базою дослідження, зокрема теоретичних положень, є методи наукової абстракції, індукції, дедукції, логічний метод тощо. Для аналітичного дослідження використано математичні методи, зокрема кореляційно-регресійний аналіз, методи порівняння та групування, синтезу, табличний і графічний методи.

У результаті дослідження з'ясовано, що основними чинниками, які перешкоджають запровадженню горизонтального моніторингу в Україні, є невідповідність законодавчої бази, незахищеність конфіденційності інформації про діяльність платників податків, корупція в органах ДФС, великі обсяги тіньової економіки в країні тощо. Поряд з цим високий рівень

неузгодженості донарахованих податкових зобов'язань і значна кількість спорів унаслідок цього також підтверджують низький рівень довіри та співпраці між органами ДФС і платниками.

Проведений аналіз стану податкових перевірок та динаміки податкового боргу — розрахунок кореляційних взаємозв'язків між цими показниками ($R^2 = -0,92$) і прогноз податкового боргу — показав, що превентивні заходи податкового контролю не дисциплінують платників щодо погашення ними податкової заборгованості, натомість кількість фактично проведених податкових перевірок позитивно впливають на погашення податкового боргу платниками. Такі результати дослідження свідчать про наявність проблем у налагодженні довірливих взаємин між платниками та органами контролю і необхідність пошуку шляхів їх налагодження в контексті розвитку прогресивних форм податкового контролю.

Ключові слова: фіскальні органи, податковий контроль, горизонтальний моніторинг, податкова перевірка, моніторинг господарських операцій, податковий ризик, податковий борг, великі платники податків.

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ТРАНСФОРМАЦИЯ НАПРАВЛЕНИЙ ВЗАИМОДЕЙСТВИЯ НАЛОГОВЫХ ОРГАНОВ И ПРЕДПРИЯТИЙ В ПРОЦЕССЕ РЕАЛИЗАЦИИ НАЛОГОВОЙ КОНТРОЛЯ

Аннотация. Современное состояние функционирования системы налогового контроля в Украине свидетельствует о необходимости и одновременно неготовность ее к переходу на новые прогрессивные формы, в частности горизонтальный мониторинг.

Установлено, что основными факторами, которые препятствуют внедрению горизонтального мониторинга в Украине, является несоответствие законодательной базы,

незащищенность конфиденциальности информации о деятельности налогоплательщиков, коррупция в органах ГФС, большие объемы теневой экономики в стране и тому подобное.

Результаты исследований показали, что превентивные меры налогового контроля не дисциплинируют плательщиков относительно погашения налоговой задолженности. Таким образом существует необходимость налаживание доверительных отношений между плательщиками и контролирующими органами в контексте развития прогрессивных форм налогового контроля.

Ключевые слова: фискальные органы, налоговый контроль, горизонтальный мониторинг, налоговая проверка, мониторинг хозяйственных операций, налоговый риск, налоговый долг, крупные налогоплательщики.

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Introduction. The peculiarities of the taxation of business entities require taxpayers to have adequate accounting and a proper control, since any departure from the legally enforceable enactments results in significant losses due to the applying of financial sanctions by tax authorities to both managers and accounting employees.

At the same time, it is necessary to use effective forms and methods of the tax inspection in the activity of the controlling bodies, which are based on the elaborate comprehensive procedure of monitoring arrangements and regulatory and legal acts in the sphere of taxation, which stipulate clearly defined powers of the tax authorities to exercise tax control. Such control should facilitate the proper functioning of economic entities in a socially oriented market economy. In this context, it is important to carry out a fundamental analysis of the information coming to the tax authorities, both from internal and external sources.

Analysis of research. Many domestic academic economists, in particular V. Andrushchenko, E. Grachev, R. Zharko, Y. Ivanov, G. Komarova, A. Krysovaty, N. Kucheryavenko, N. Marynov, Y. Poternak, A. Sokolovskaya, O. Shevchuk. raise the issue of the effectiveness of the tax control functioning in Ukraine It should be noted that the majority of scientific research is devoted to the problems of organization of tax inspections by the fiscal service, diagnostic of the impact of tax control on the activity of economic entities, that is, attention is focused on macroeconomic aspects of its conducting.

A complex concept of the tax control is considered by Shevchuk O. [1] and he proposes to interpret it as the activity of the state bodies authorized to control taxpayers' compliance with tax laws, as well as an internal corporate control activity to form the basis of taxation and fulfillment of fiscal obligations in order to balance the interests of the participants of tax relations.

However, the issues of interaction between taxpayers and the SFS bodies in the course of tax control, exercising an internal tax control by economic entities, and some other methods of its implementation, which would act as preventative measures and contribute to the reduction of tax inspections, and, as a consequence, would limit the unreasonable interference of the controlling bodies with the activity of taxpayers, remain underinvestigated.

Setting objectives. The purpose of the study is to substantiate the need for setting up the interaction between economic entities — taxpayers and the SFS in the course of implementing tax control and the prospects of introducing horizontal monitoring practices as one of the effective methods of tax control.

Research methods. Achieving the goal, set up in the article, was accompanied by the use of logical analysis methods (to identify problems and areas of improvement of internal tax control of economic entities and the system of tax inspections in Ukraine); scientific abstraction, induction, deduction (in the process of investigating the essence of the tax control and horizontal monitoring, as well as determining its advantages and disadvantages); scientific knowledge of economic phenomena (while specifying the classification of internal tax control); mathematical methods, in particular, correlation-regression analysis (to evaluate the interconnection of tax debt volumes and performance indicators of SFS's bodies, as well as the forecast of the tax debt dynamics for 2019—

2021); grouping and comparison (to summarize tax authorities' reporting information); synthesis, graphical and tabular methods (for visual presentation of the research results), etc.

Research results. In today's economic environment, an important element of effective cooperation between tax authorities and taxpayers is the establishment of a quality tax control system, both external and internal.

It should be noted that internal tax control is divided into primary and secondary. The primary tax control is exercised at the level of the accounting and other financial services of an entity. It includes the control of the reliability of accounting of the taxable items, determining the tax base, calculating the amounts of tax payments, and meeting payment deadlines. The secondary tax control involves managing the deviation of the indexes that characterize the level of the tax burden on an enterprise from regulatory and planned, and finding ways to eliminate them.

The application of the primary internal tax control procedures helps to prevent errors in the calculation of the amounts of tax payments and making up tax statements, which reduces the amount of work to correct them and ensures penalties for underpayment of taxes are avoided.

The need for the primary tax control is caused by a large number of tax errors in the practical activity of economic entities, the most common reasons for which are [2]: errors in registration (incompliance with tax legislation), lack or loss of primary documents; misinterpretation of tax legislation; untimely response to changes in tax legislation; errors in arithmetic calculations; submission of tax reports out of time; late payment of taxes.

Another task of the internal tax control is the monitoring of the implementation of the tax plan at an enterprise. Here, the secondary internal tax control happens. Within this control, a particular attention should be paid to such an index as the tax burden. The level of the tax burden control involves the detecting of the deviations of the actual indexes of absolute and relative values of this coefficient from the planned ones, as well as determining their causes and taking measures to eliminate them. It is also important to diagnose the deviations of the absolute values of the charged tax payments and the relative values of the tax burden, as a whole in the aggregate of all taxes and fees, and in the context of individual tax payments.

Within the internal tax control, it is advisable for taxpayers to monitor business operations, which involves tax examination of long-term agreements and investment projects, the analysis of the sources of current expenses coverage of economic entities, etc. Such measures make it possible to anticipate the tax consequences of financial and business operations payers and to optimize their proportion.

As part of the modernization of the State Fiscal Service, the tax authorities of Ukraine introduced horizontal monitoring as an experiment in which taxpayers play an active role. In this way, the taxpayers were able to integrate their internal tax control into the system of state tax control (Fig. 1). This type of control related to large taxpayers.

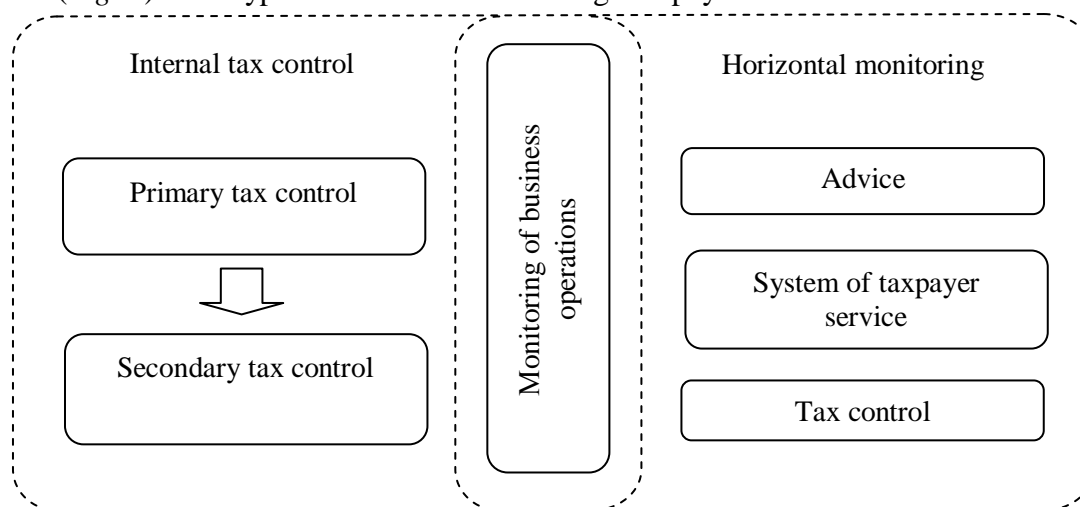


Fig. 1. Interconnection between Internal Tax Control and Horizontal Monitoring

Source: developed by the authors.

However, at the present stage, the low efficiency of communications in Ukraine is manifested not only in the relationship between the state and society, but also in the absence of mutual understanding and interaction between the main state bodies that shape the state's tax policy: the Ministry of Finance, the State Tax Service and the Verkhovna Rada's Tax and Customs Committee.

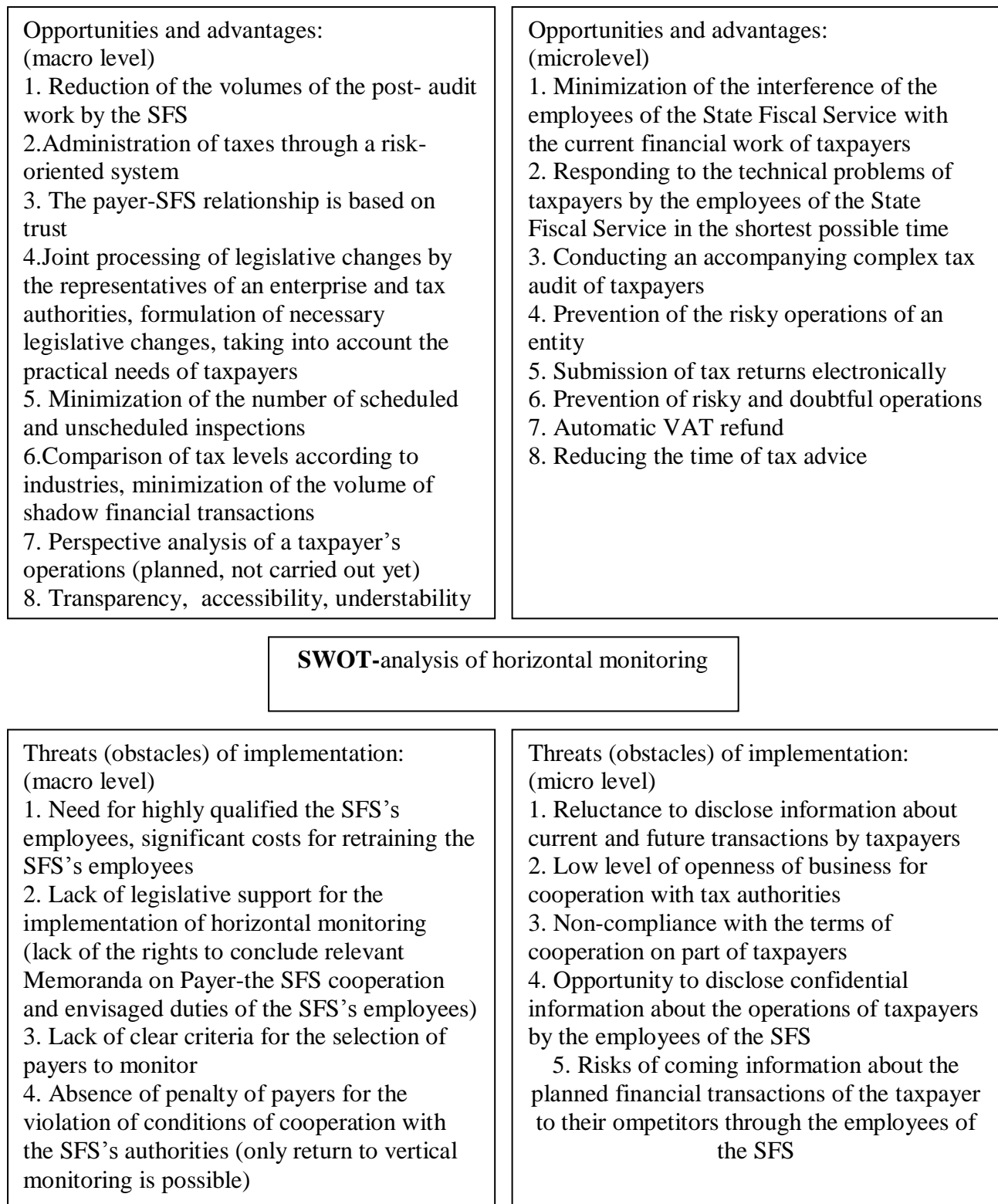


Fig. 2. Analysis of opportunities and threats of using horizontal monitoring of taxpayers in tax control
Source: developed by the authors.

The «horizontal monitoring» method is «first and foremost a new level of communication with taxpayers, the main purpose of which is not the total control over the activity of economic entities and the comprehensive audit of all their operations, but the prevention of carrying out by the taxpayer risky transactions and identification of factors (reasons) that cause them» [3]. That is, the SFS's bodies, on signing a contract with the taxpayer, are obliged to process information about his financial transactions free of charge and to indicate the possible tax risks as for calculations and transactions, as well as for the doubtful counterparties of the payer. The role of taxpayers is to notify their tax inspector in the real time mode of the possible tax risks associated with their business and financial transactions, and as a result, they receive qualified tax advice. The analysis of the possibilities and threats of using horizontal monitoring towards taxpayers in the practice of tax authorities is presented in *Fig. 2*.

Such tax monitoring practices enable tax authorities to obtain prompt information on the activities of business entities and reduce the number of tax inspections. It is also important to note that a payer is not obliged to agree with a tax inspector, and in case contradictions arise he/she can go to court.

In addition, the application of this method of tax control contributes to the legalization of the hidden incomes of business entities and the establishment of partnership relations with a tax authority, because a certain large taxpayer, while agreeing to horizontal monitoring, must demonstrate full transparency of their activities and readiness to cooperate closely with the SFS's bodies and to provide comprehensive information on their business activities. The SFS, in its turn, accommodates to such entities by improving their service and minimizing its interference with their ongoing operations.

In this way, business entities are able to carry out tax monitoring of their business operations together with the fiscal service.

In Ukraine, the practice of using tax monitoring started as a pilot project on April 28, 2011, and the participation of taxpayers in it was exclusively voluntary. The attention of the supervisory bodies was focused on the monitoring and analysis of tax risks when conducting financial and business transactions of taxpayers in order to detect the violations of tax legislation. Among the first companies that agreed to participate in the project were the JV Nibulon JSC, the JSC Arcelor Mittal Kryviy Rih, the FDI Lukoil-Ukraine and the PJSC Lukoil-Odessa Refinery, the Metro Cash and Carry Ukraine LLC, the STPTU Ukrzaliznytsia [3].

In the context of the study of the problem, it should be noted that horizontal monitoring, as a new level of communication between tax services and taxpayers, was introduced for the first time in the Netherlands in 2005 and it was a success. Twenty business entities took part in that pilot project and, after its completion, continued their agreements with the tax authorities, since they had experienced a significant reduction of an administrative burden while operating in this mode. In addition, the introduction of such a method of tax control increased the efficiency of tax authorities. The effect of such innovations was observed even in the investment sphere — the reduction of an administrative burden contributed to the inflow of foreign investment into the country. Following the Netherlands, horizontal monitoring was implemented by other countries and it has been functioning successfully (*Table 1*)

Table 1

Foreign experience of using horizontal monitoring

Country	Application of horizontal taxpayer monitoring
The Netherlands	There is a system of formal arrangements for cooperation between state tax authorities and large businesses.
Great Britain	There is a large business advisory center, corporate executives sign an agreement on the control of their own tax risks, and work with tax authorities on specific terms.
France	For large businesses a general check of the correctness of keeping of tax records is used, and for small businesses, the assistance in keeping of tax

	records is provided.
Japan	The control function is entrusted to the National Tax Office, which is a subdivision of the Ministry of Finance of Japan.
Sweden	There is a high level of tax freedom and is one of the highest levels of freedom from corruption in the world. The tax authorities provide ongoing and appropriate business education of taxpayers.
Italy	A special role in tax control belongs to the tax police (financial guards), who provide control over a wide range of tax transactions. Tax legislation is not sufficiently codified.
The USA	For large and medium-sized business a specialized tax control department for large and medium-sized businesses operates. This is necessary in the context of the peculiarities of tax control of this category of taxpayers and is caused by the specifics of the US tax law and the active international activities of large companies in the corporate sector.
Canada	The availability of an electronic form of tax reporting makes it possible to minimize the taxpayers' costs for paperwork and to reduce the cost and complexity of the tax authorities' work on carrying out control.
Germany	There is a special unit for servicing large taxpayers under the the Supreme Financial Directorate. Tax authorities are able to minimize the number of documentary checks through the preliminary control of electronic tax reporting. The relationship between taxpayers and tax authorities is clearly regulated, and the availability of tax police with the law enforcement authorities significantly increases the effectiveness of tax control.
Poland	Tax control is regulated by the Tax law. At the state level, there are the Departments of Taxes and Charges, the Chief Inspectorate of Financial Control and the Administrative and Budget Office, which are the structural elements of the Ministry of Finance.

Unfortunately, the practice of domestic horizontal monitoring has not become widespread to affect the results and effectiveness of tax control in Ukraine. However, some positive trends are still observed in this area, in particular, in recent years the number of scheduled and unscheduled tax inspections has been steadily declining, and the information on their results is presented in *Table 2* in 2012—2018.

Table 2

Information on tax audits at Ukrainian enterprises

Index numbers	2012	2013	2014	2015	2016	2017	2018
Number of inspections carried out (hund.), incl.	174,5	109,5	105	76	43,1	32	18,3
planned	8,1	5,1	6,2	4,4	4,2	5,8	4,5
unplanned	36,3	33	33,1	21,2	16,1	16,6	13,8
counter-reconciliations	130,1	71,4	65,7	50,4	22,8	9,6	
Tax liability extra charged (bln/UAH), incl.	28,95	40,2	23,2	36,5	28,4	26,6	37,7
agreed, %	28,84	20,89	34,48	12,60	22,18	61,65	35,01
uncoordinated, %	67,70	80,09	65,51	87,39	77,81	38,34	64,98
Received by the acts of documentary checks (bln/ UAH)	6,3	6,5	3,3	2,9	3,2	5,06	7,1
% of the agreed tax liability	75,44	77,38	41,25	63,04	50,79	30,85	53,78

Source: compiled and calculated by the authors on the basis of the data of the SFS and the Ministry of Revenue and Duties [11—13].

At the same time, the SFS also actively worked on the bringing the economy out of the shadows. For this purpose, a set of measures was taken to provide for the development of an automatic system of the selection of the enterprises with the highest risk of non-payment of taxes and other payments according to certain criteria in online mode. With this, a preliminary analysis of such entities with the aim of identifying the risk of their participation in tax evasion schemes is carried out [14]. According to the results of such an analysis, decisions are made about conducting monitoring and checkout activities. This approach helps to minimize the involvement of regulatory authorities in the legal business and the influence of the human factor, as well as to prevent potential shadow operations of business entities by identifying minimization schemes at the preparatory stage. During 2014—2018, the SFS actively carried out an analysis and rapid diagnostics with the aim of the preventive detecting of possible infringements in the activity of economic entities in Ukraine.

In recent years, the work of the SFS has been aimed at reducing the administrative pressure on honest payers and improving the effectiveness of control measures against risky enterprises. In addition, the attention of the controlling bodies is focused on small and medium-sized businesses, in particular in 2017, over 60% of all entities where tax inspections were carried out were large enterprises, about 14% were medium-sized enterprises, and the rest were small ones.

With regard to the amount of additional tax liabilities, it is necessary to emphasize rather an insignificant percentage of the agreed tax liabilities — an average of 30.7% for the period analysed. According to the certificates of documentary inspections, 30.8% to 77.3% of these sums enter the budget as the result of the last year. These indicators imply a poor tax inspections in fiscal terms.

It also should be noted that the low level of coordination with the taxpayers of the additional tax liabilities is largely due to the more widespread use of their right to appeal administratively the decisions made as a result of the inspection by the SFS's bodies. *Table 3* provides data on the number of lawsuits between taxpayers and the SFS bodies over the additional tax charges.

Table 3

Information on the appeal by the taxpayers of the decisions of the SFS's bodies

Index numbers	2013	2014	2015	2016	2017	2018
Number of lawsuits (hundred)	74,9	123,6	113,8	72,1	71,1	18,8
Decisions made in favor of the taxpayer (hundred)	15,4	41	36,7	25,1	18,5	7,04
%	20,56	33,17	32,24	34,81	26,01	37,44
Decisions made in favor of the SFS (hundred)	59,5	82,6	77,1	47	52,6	11,76
%	79,43	66,82	67,75	65,18	73,98	62,55

Source: compiled and calculated by the authors on the basis of the SFS's data [12].

The above represented data show that the effectiveness of appealing against decisions of the SFS's bodies by the taxpayers is only 20—37%, because it is the percentage of court decisions that was made in favor of the taxpayers. The largest number of lawsuits was observed in 2014—2015, which was largely due to the reorganization of the tax service at that time, including the tax inspection units. The ungrounded and frequent changes that took place at that time in the structure and functioning of the tax control bodies led to an uncoordinated work of employees and, as a consequence, hindered an effective tax inspections and led to unwarranted interference of control bodies in the work of entities. In the following years (2016—2018), the number of lawsuits decreased significantly as a result of the stabilization of the work of the SFS's bodies.

In general, tax inspections have a significant impact on the amount of taxes and fees charged (by both the taxpayers and the fiscal authorities), the amount of tax debt, and observing tax discipline by the taxpayers as a whole. This is evidenced by the calculated correlation coefficient

between the number of tax inspections performed and the dynamics of a tax debt. The correlation coefficient ($R^2 = -0,92$) shows a close inverse relationship between these index numbers (Fig. 3).

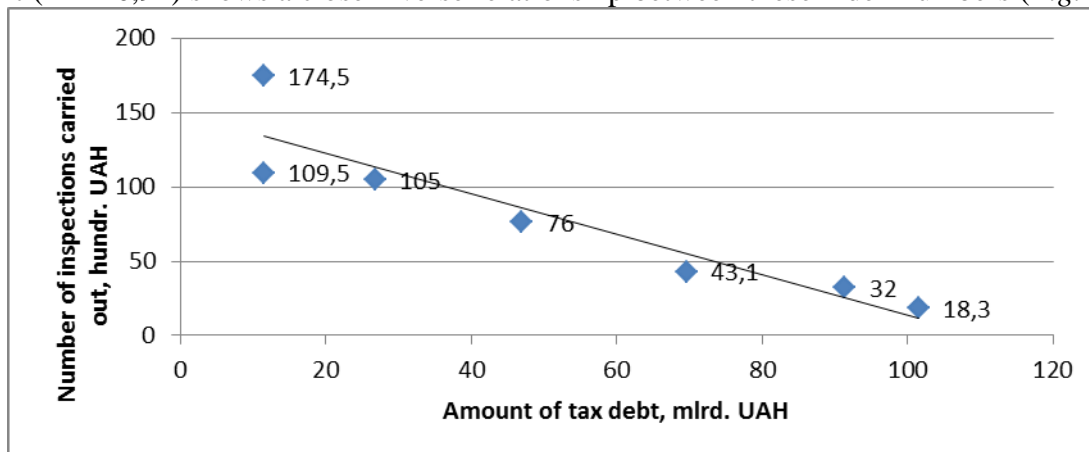


Fig. 3. Correlation of the dynamics of the amount of a tax debt and the number of tax inspections carried out
Source: calculated and built by the authors.

This indicates that with the increase in the number of tax inspections, the taxpayers are more disciplined in paying off their tax debt. Thus, the strengthening of control measures by the SFS's bodies contributes to the increase of law-abidance of the taxpayers in the fulfillment of their tax obligations.

Taking into account the close relationship between these indicators, we made a forecast of the amount of a tax debt for the period from 2019—2021 (Table 4, Fig. 4)

Table 4

Tax debt forecast

Index numbers	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Number of inspections carried out (hund.)	174,5	109,5	105	76	43,1	32	18,3			
Tax debt in Ukraine	16,7	13,8	11,5	26,9	47	69,6	91,4	103,6	115,7	127,8

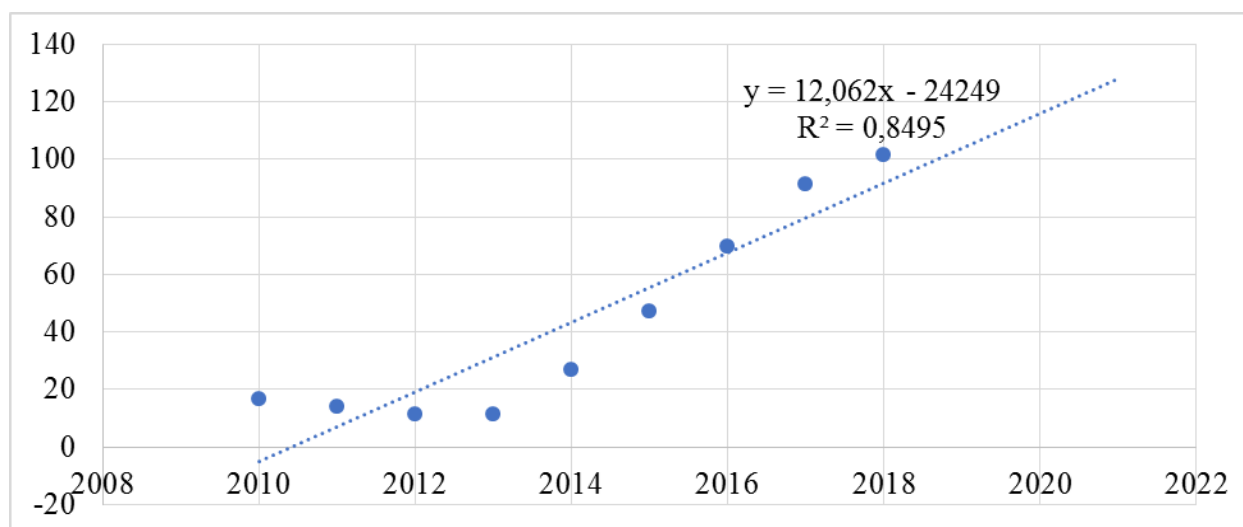


Fig. 4. Forecast of the dynamics of the tax debt in Ukraine
Source: calculated and built by the authors.

Table 5 shows the regression analysis protocol. The regression statistics are presented in Table 6.

Table 5

Coefficients	The values of the coefficients	Standard error	T — statistics	P — Value
<i>b</i>	-24248,87	3864,58	-6,27	0,000414
<i>a</i>	12,06	1,92	6,29	0,000410

Source: calculated by the authors.

Table 6

Index numbers	Value
Multiple correlation coefficient <i>R</i>	0,9217
Determination factor R^2	0,8495
Standardised R^2	0,8280

Source: calculated by the authors.

The coefficient of determination $R^2 = 0,849$: and other index numbers of regression statistics (the multiple correlation coefficient and standardised R^2) indicate the adequacy of the constructed model and the possibility of its use for the predicting of the indexes studied.

Thus, if certain tendencies in the number of tax inspections are maintained, the amount of the tax debt will increase over the next three years and reach UAH 127.8 mlrd. in 2021.

Taking into account the above calculations and index numbers of the activity of the SFS, it is possible to conclude that the interaction between the tax authorities and enterprises in the process of tax control is not effective enough, as evidenced by the size of the uncoordinated amounts of additional tax liabilities and the number of legal lawsuits between these parties; the tax discipline of taxpayers depends directly on the control measures actually taken, not on the level of their own tax culture or preventative control measures; the number of tax inspections should be well-grounded and balanced in accordance with the need to repay the tax debt and to prevent unjustified interference by fiscal authorities with the activity of the taxpayers.

In our view, the lack of relevant legislation is in the way of a successful implementation of horizontal monitoring in Ukraine. The domestic legislation, unlike foreign practice, does not make a provision for the right of the tax authorities to conclude contracts with taxpayers as for horizontal monitoring. Accordingly, the law does not enshrine the duty of the tax authorities to abide by the commitments set out in this agreement, in particular, to provide accelerated consultations and to narrow the scope of inspections.

According to the Art. 19 of the Constitution of Ukraine [15] the tax authorities as the bodies of the State power are only obliged to act statutorily, within their powers and in the manner provided by the Constitution and the laws of Ukraine. Under such circumstances, there is a high risk of holding the horizontal monitoring agreement invalid and, accordingly, failing to fulfill their obligations by the tax authorities. Therefore, given the realities of the Ukrainian legislation, such an agreement cannot be considered as an appropriate legal instrument at the moment, since in the event of breaching by the tax authority its obligations, stipulated by the agreement, the taxpayer is unlikely to be able to defend their rights in court.

Besides, there is an additional risk of the disclosure of a confidential information about the taxpayer's activities, and the influence of a tax authority on the choice of its counterparties on the basis of its own interests. And in the conditions of high level corruption in Ukraine such a situation cannot be ruled out. Following such disclosure a taxpayer can lose far more than following tax inspections. In fact, during an inspection a tax officer receives information about the past business

operations of a taxpayer, and in the case of horizontal monitoring — about their newly performed and future business operations, which is very valuable to their competitors.

Conclusions. Therefore, cooperation with the SFS's bodies within horizontal monitoring can become another element of an internal tax control that minimizes tax risks in the activities of the taxpayer. And an internal tax control, along with business transactions monitoring, is an integral part of the corporate tax management, enabling businesses to avoid tax risks and choose, in terms of taxation, the best option for their activity.

The application of horizontal tax monitoring as a new effective tax control method remains in the plans for the future, and it is now necessary for business entities to monitor their business operations on their own in order to optimize taxation and ensure loss-free functioning.

In our opinion, in order to improve the interaction between the taxpayers and fiscal authorities in the process of exercising tax control, it is essential to increase the level of the tax culture and legal awareness of the taxpayers and to develop a preventative tax control that will contribute to the formation of a high tax culture of our society. It is also important to introduce e-cabinets for throughout all taxpayers and to expand the functions of the service and to improve the level of quality and organization of control on part of the tax authorities, which, in turn, would allow to use a differentiated approach to control measures, taking into account the peculiarities of a taxpayer. The improvement of the quality of the internal tax control should become one of the main elements of corporate tax management. In addition, at the macroeconomic level it is necessary to bring the economy out of the shadows and fight corruption in public authorities in order to improve the quality of tax control and the level of trust between the taxpayers and controlling authorities.

Provision of an effective interaction between tax control authorities and other public controlling institutions, establishing common databases and information exchange procedures, guarantee of the stability of the forms and mechanisms of tax reporting and the real transparency of the procedures of tax charging and tax paying and their administration, improvement of the flexibility of the tax control system as well as its adaptability to changing conditions will help reduce the amount of the tax debt and the increase of tax receipts to the budgets of all levels and decrease the level of shadow economy in Ukraine. The problem of improving the efficiency of interaction between business entities and tax authorities, increasing the effectiveness of tax control and minimizing the amount of taxpayers' debt will be the subject of our further research.

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