

DOI: [10.55643/fcaptop.2.43.2022.3756](https://doi.org/10.55643/fcaptop.2.43.2022.3756)

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Received: 18/04/2022

Accepted: 21/04/2022

Published: 29/04/2022

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ECONOMIC AND LEGAL JUSTIFICATION OF THE METHODOLOGICAL APPROACH TO THE ASSESSMENT OF THE STATE OF BUDGET AND TAX SECURITY OF UKRAINE

ABSTRACT

The purpose of the article is to study the problematic aspects of economic and legal justification of the methodological approach to assessing the state of the budget and tax security of Ukraine. The methods of economic analysis, synthesis, comparison, generalization, and systematization are used in the research. The intensification of financial and economic instability and the emergence of crisis phenomena in the financial system of the state have led to the activation of destabilizing factors that significantly affect the functioning of the budget and tax sphere of Ukraine. Due to the inefficient implementation of the budget and tax policy for a long time, there is a deterioration of the financial component of economic security and the emergence of destructive processes and phenomena in the economy of the state. Given this situation and the violation of macroeconomic stability, the need for timely response and prevention of internal and external risks and threats to budget and tax security, as well as protection of national interests of the state in the financial sphere becomes especially important. At the same time, the desire to ensure the stable development of the budget and tax sphere necessitates a revision of methodological tools for assessing the level of budget and tax security, which, in turn, requires revision of existing Methodical recommendations for calculating the level of economic security of Ukraine and supplementing them with tax security indicators. It is becoming obvious that ensuring and strengthening the budget and tax security of Ukraine is one of the priorities of public policy, which highlights the research topic. The article defines the essence of budget and tax security of the state, their interdependence outlines the main problems of the budget and tax security of Ukraine and considers regulatory and legal security of budget and tax sphere. A study of threats and risks to budget and tax security in the context of identified indicators is conducted. Evaluations of the methodological approach to assessing the level of budget and tax security of the state are carried out, and the method of calculating weights and integrated indicator of budget and tax security is analyzed. The main approaches to assessing the level of tax security are systematized and the calculation of its indicators is proposed. In order to strengthen the institutional support of budget and tax security, it is proposed to develop the concept of tax security of the state and supplement the current Methodical recommendations for calculating the level of economic security of Ukraine with the tax component.

Keywords: budget and tax security, level of security, indicators, advocacy, institutional and legal support

JEL Classification: B49, H69, K34

INTRODUCTION

Trends in the modern socio-economic development of Ukraine are characterized by significant destructive changes and distortions in the economic, political, social and legal spheres, a number of destabilizing processes and phenomena of the financial system, and the emergence of significant risks and threats to the economic security of the state. As a result, in recent years there has been a significant deterioration in the country's financial and economic condition, which is reflected in falling GDP, rising inflation, maintaining a high level of the budget deficit and public debt, national currency instability,

banking imbalances, and deepening imbalances in monetary and fiscal spheres. Measures of state anti-crisis policy aimed at ensuring financial stability, improving the efficiency of the financial system of the state and counteracting internal and external threats to economic security, did not provide the desired result, as these problems are systemic due to inefficient models of budget and tax, monetary and credit policy, ambiguity and imperfection of institutional and legal support of the financial sphere and inconsistency of state regulation of financial and economic processes. The emergence of significant threats and risks to the financial sector has laid the foundation for a steady decline in the financial security of the state, which in turn has increased the instability of the socio-economic system, decrease in the budget revenues due to reduced tax base and lower living standards of the population and its social security. In view of this, the problem of studying the budget and tax components of financial security of Ukraine, assessing the level of security of budget and tax spheres and finding ways out of the financial and economic crisis, which requires a set of methodological measures and its legal justification, is becoming important.

Problematic aspects of ensuring a sufficient level of budget and tax security of the state have long been reflected in the works of both domestic and foreign scholars. However, concerning the budget security, which means such state of solvency and the appropriate level of financial stability of public finances, in which public authorities are able to perform their functions as effectively as possible [1], the scientific rationale is quite broad, and diagnostics is legislatively provided by Methodical recommendations on the calculation of the level of economic security of Ukraine [1] and is based on the calculation of clearly defined indicators taking into account the weights, but the tax security research developments are somewhat restrained and limited. In particular, so far the Methodical recommendations for calculating the level of economic security of Ukraine have not included the tax component as a subsystem of financial security of the state, have not defined the list of indicators and have not provided methods for their calculation. Taking into account the rapid upward trends in the development of the shadow economy, legalization of funds obtained by criminal means, concealment of the tax base and various ways of tax evasion, we consider it extremely important to assess the level of tax security of the state. It should be noted that the determinant of «tax security» is in fact undefined and is a relatively new economic and legal category, and existing scientific developments are mainly focused on the micro-level.

LITERATURE REVIEW

In particular, O. Baranetska and V. Martyniuk [2, p. 84] interpret the tax security as the state of the economy and the effectiveness of public authorities and institutions, which ensure a guaranteed receipt of taxes and payments to the budgets of various levels and the protection of national interests in the fiscal sphere. At the same time, scholars are talking more about fiscal security, which is determined by the effectiveness of fiscal policy and is directly related to budget security, as the reduction of the level of the state budget deficit directly depends on the growth of tax revenues.

Yu. Ivanov and Yu. Berezna [3, p. 10] adhere to the point of view that the tax security of the state should be considered in terms of comprehensive provision of a sufficient level of tax security of the taxpayer, regional, national and international tax security. At the same time, emphasis is placed on the fact that tax security is a prerequisite for ensuring the budget security of the state, and the components (budget and tax) of financial security are interdependent concepts.

I. Tsymbaliuk [4, p. 13-23] believes that to ensure the appropriate level of tax security of the state it is necessary to constantly monitor its condition, to determine the main components and factors of influence based on a study of the peculiarities of the tax system functioning.

A. Sukhorukov [5] has a similar opinion on the essence of tax security. He investigates the tax security through the prism of relationships between the components of financial security of the state and claims that the budget and tax security largely depends on the ability of the state to rationally accumulate and use available financial resources.

Moreover, the urgency of the scientific problem mentioned in the article was substantiated by foreign scientists and researchers. For example, some of them stressed that financial security, in particular, is one of the basic characteristics of economic security in general and that, most importantly, the financial development of the state directly depends on the development of the state economy [6, p. 293-316; 7 p. 111-143; 8, p. 526-551; 9, p. 171-179]. In this context, some scholars emphasize the need to increase tax revenues, which greatly affects the stability of economic, political and social dimensions to ensure the fiscal stability of the state as a whole [10, p. 137-150; 11, p. 53-71; 12; 13, p. 1-37; 14, p. 56-71]. After all, international experience allows Ukrainian realities to focus their efforts on optimizing the fiscal space, which requires, above all, a review of both temporary and institutional regulatory boundaries governing the budgeting process.

However, taking into account the significant scientific achievements in this area, institutional and legal support and diversity of views of scholars, at the present stage, most scholars tend to consider the concept of tax security in combination and

interdependence with budget security. Therefore, we consider it appropriate to continue research on the essence of budget and tax security and justification of the methodological approach to its evaluation.

RESULTS AND DISCUSSIONS

The purpose of the article is to study the problematic aspects of economic and legal justification of the methodological approach to assessing the state of the budget and tax security of Ukraine.

Strengthening systemic macroeconomic instability in Ukraine has led to the intensification of budget imbalances, increased risk of default, growing state budget deficit and exacerbation of debt dependence against the background of an increasing tax burden on businesses, which, in turn, provokes concealment of real production to avoid payment of taxes and withdrawal of capital outside the country. Ensuring budget and tax stability, openness and transparency of economic activity and a decent standard of living, at the present stage of development of the state, is one of the priorities of its activities. Achieving an adequate level of protection of the budget and tax sphere from the destructive effects of internal and external threats will be possible provided the most effective legislative and regulatory support, as well as the high-quality implementation of responsibilities by public authorities.

Note that in Ukraine there is a well-formed system of regulatory and legal support of economic security by functional components, in particular: (1) The Constitution of Ukraine [15]; (2) Tax Code of Ukraine [16]; (3) Budget Code of Ukraine [17]; (4) Law of Ukraine «On the State Budget of Ukraine» (for the current year) [18]; (5) Law of Ukraine «On Local Self-Government in Ukraine» [19] and others. However, the current legislative acts are still not involved in a specific mechanism for ensuring the security of the state and are not fully implemented in the programs of its socio-economic development [20, p. 101]. In this context, the need to consider the legal support of budget and tax security through the prism of interaction between the state apparatus and society as a whole is highlighted. At the same time, the main emphasis should be placed on the protection of national interests in the financial sphere.

According to the results of the comparative analysis of approaches to determining the essence of budget and tax security, it can be stated that budget and tax security is a state of budget and tax sphere that protects the interests of tax subjects, the ability of the tax system to develop and improve steadily, the ability to timely identify, prevent and counter risks and threats in order to ensure a balanced condition of state and local budgets by ensuring the coherence of their revenue and expenditure. However, there is still no legislative regulation of this concept, and the method of calculating the level of economic security of Ukraine does not provide for the calculation of such a component as tax security. Moreover, the experience of Central and Eastern Europe would significantly help Ukraine to avoid significant mistakes and risks in this case [21, p. 3-4]. Because of this, in order to fill the legal vacuum, it is necessary to make appropriate changes and additions, and to supplement the assessment of the level of budget security with tax security parameters. In *Figure 1* we propose to reflect the main stages of calculating the level of budget and tax security.

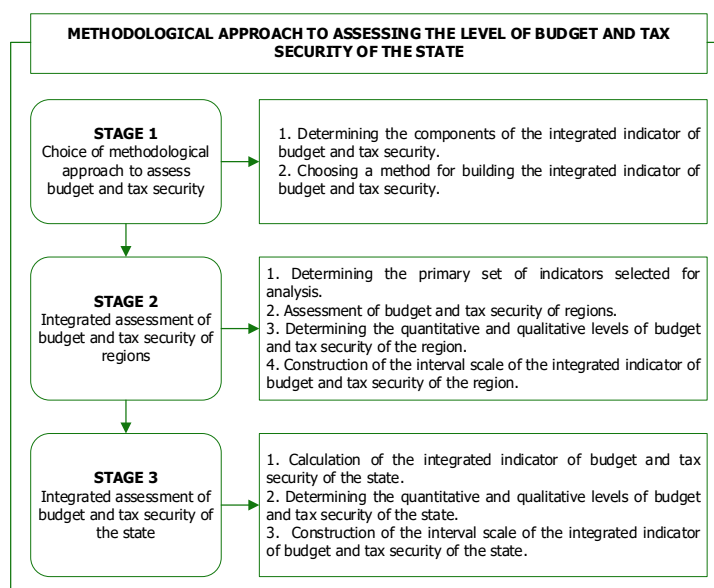


Figure 1. The main stages of assessing the level of budget and tax security of the state (Source: [22, p. 183])

As already mentioned, a significant shortcoming of assessing the level of budget and tax security is the lack of proper scientific justification and practical testing of methodological tools for assessing the level of tax security of the state in terms of key indicators.

Therefore, we propose to build a methodological approach to assessing the level of budget and tax security of the state in stages based on the choice of methodological approach, integrated assessment of budget and tax security of regions, and integrated assessment of budget and tax security of the state (*Figure 2*).

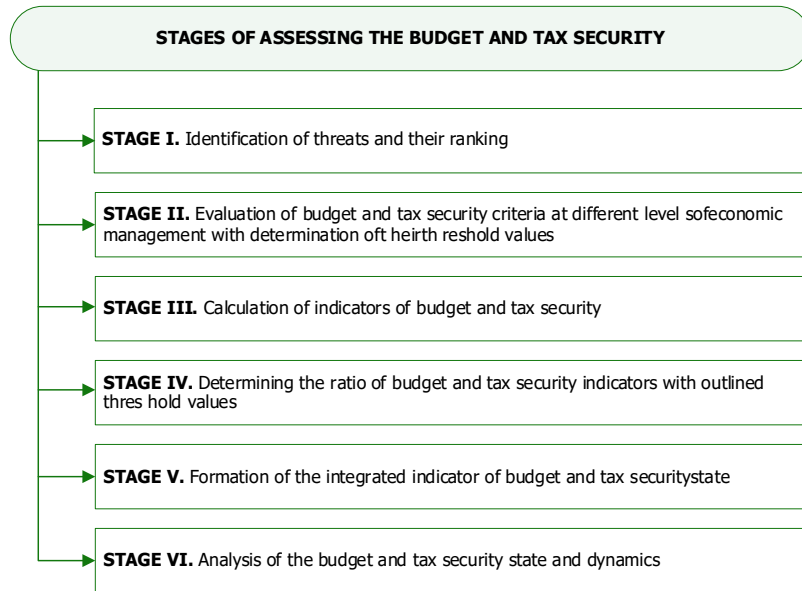


Figure 2. Methodological approach to assessing the level of budget and tax security of the state (*Source: [22, p. 184]*)

Methodical recommendations for calculating the level of economic security of Ukraine [1] in assessing the level of economic security of the state provide for calculations of the integrated indicator taking into account the weights of each subindex for each component (*Figure 3*), which is reasonable and appropriate for assessing both budget and tax security. Since this document establishes a list of budget security indicators of Ukraine and their weights, it is not difficult to diagnose the state of budget security. Another matter concerns the determination of the level of tax security, Methodical recommendations for the calculation of which are missing. To solve this problem, in the process of determining the limit levels of reduction of the budget and tax security, we propose to take into account the importance of the main indicators of the state of the tax sphere and consider them indicators of tax security, namely: (1) the level of the total tax burden; (2) the level of concentration of tax revenues in state budget revenues; (3) the level of good faith payment of taxes; (4) the level of tax debt of taxpayers; (5) the level of budget losses from preferential taxation; (6) the level of effectiveness of the administration of tax payments; (7) the level of shadowing of the economy. The calculation should be based on criteria and weights that do not contradict current Methodical recommendations.

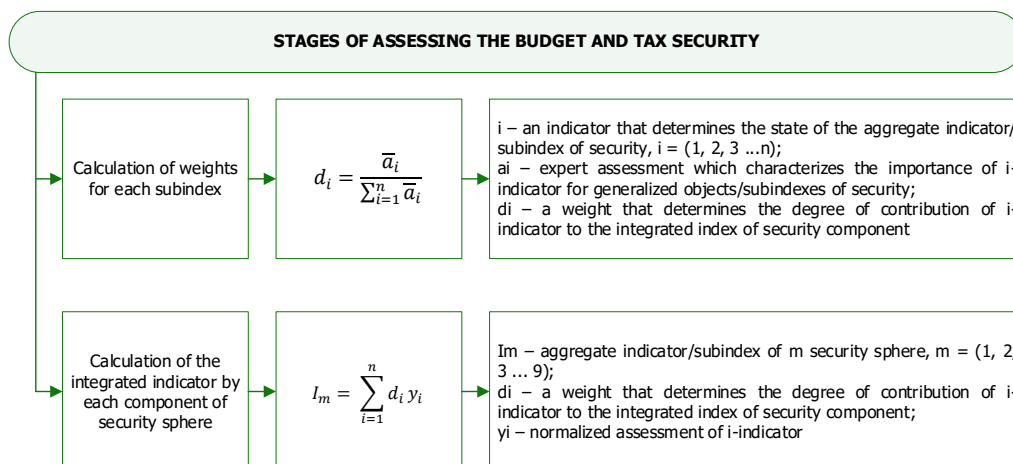


Figure 3. Methods of calculating weights and integrated indicator

Considering that tax security should be studied as a separate object in the context of balance and adequacy of revenues under moderate tax pressure on businesses, it is reasonable to consider the compliance of elements of the tax system with national security requirements. At the same time, achieving a sufficient level of tax security significantly depends on a reasonable tax policy and adopted doctrines, concepts, strategies and programs.

In addition, the mechanism of identifying risks and threats, the impact of which depending on the acquired value can be both a stimulant and a DE stimulator, becomes important in assessing the state of the budget and tax security. In *Figure 4* we reflect the main risks and threats associated with indicators of budget and tax security.



Figure 4. The main risks and threats associated with indicators of budget and tax security (Source: [22, p. 185])

At the same time, the calculations of the level of budget and tax security and analysis of the dynamics of its state during 2015-2020 (Figure 5) give grounds to say that in the analyzed period there was a positive upward trend in budget and tax security in Ukraine. The analysis of tax security indicators, carried out on the basis of selected indicators and determined by the method of expert assessments of weights, shows its reduction during 2015-2018 from 48.04 % to 44.57 %. In 2019, there was a slight increase in the level of tax security to 46.45 %, and in 2020 there was again a decrease to 45.36 %. In general, the level of budget security in the period 2015-2016 tended to decrease. Further, there was a steady increase in the level of budget security in Ukraine.

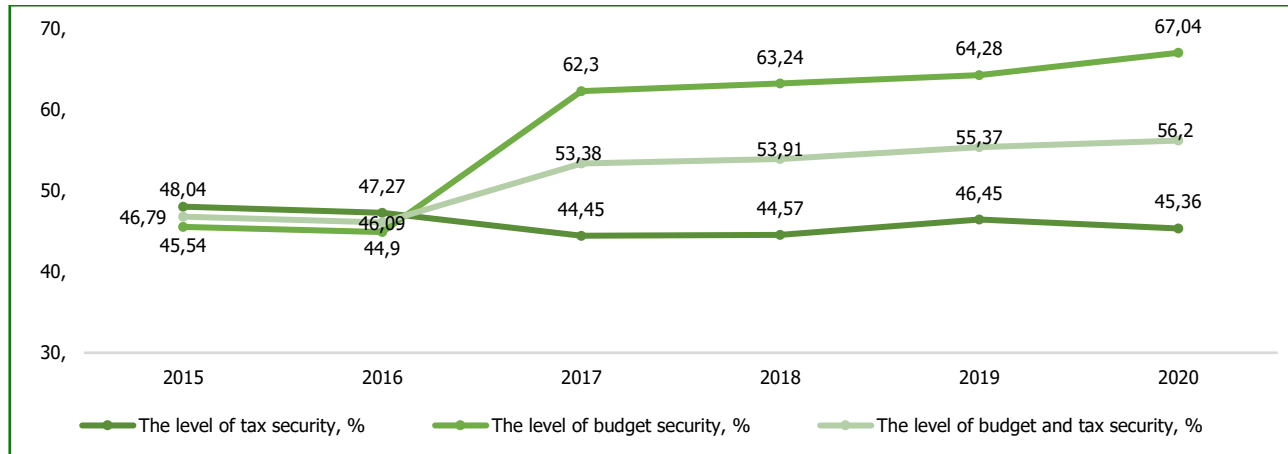


Figure 5. Dynamics of the level of budget and tax security of Ukraine in 2015-2020, % (Source: [23; 24; 25])

The results of the research prove that, at the present stage, the need to develop the concept of tax security of the state, aimed at coordinating the activities of the state in the security sphere, is of strategic importance.

Undoubtedly, Methodical recommendations for assessing the level of Ukraine's economic security need to be improved in terms of supplementing it with indicators of the level of tax security of the state and the inclusion of tax security as a component of the country's financial security.

CONCLUSIONS

Thus, it is proved that the economic and legal justification requires a methodological approach to assessing the state of budget and tax security of Ukraine in terms of the separation of tax security as a component of financial security of the state. As the current legislation does not provide for the calculation of tax security indicators, we propose to include in their list the level of the total tax burden, the level of concentration of tax revenues in state budget revenues, the level of good faith payment of taxes, the level of tax debt of taxpayers, the level of budget losses from preferential taxation, the level of effectiveness of the administration of tax payments, the level of shadowing of the economy. At the same time, the development of the concept of tax security in Ukraine would significantly strengthen the institutional support for the budget and tax security of the state.

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ЕКОНОМІКО-ПРАВОВЕ ОБҐРУНТУВАННЯ МЕТОДИЧНОГО ПІДХОДУ ДО ОЦІНЮВАННЯ СТАНУ БЮДЖЕТНО-ПОДАТКОВОЇ БЕЗПЕКИ УКРАЇНИ

Метою статті є дослідження проблемних аспектів економіко-правового обґрунтування методичного підходу до оцінювання стану бюджетно-податкової безпеки України. У дослідженні застосовується метод економічного аналізу, синтезу, порівняння, узагальнення, систематизації. Посилення фінансово-економічної нестабільності та поява кризових явищ у фінансовій системі держави спричинили активізацію дестабілізуючих чинників, які істотно впливають

на функціонування бюджетно-податкової сфери України. Унаслідок неефективної реалізації бюджетної та податкової політики впродовж тривалого часу спостерігається погіршення стану фінансової компоненти економічної безпеки держави та поява деструктивних процесів і явищ в економіці країни. Зважаючи на таку ситуацію та порушення макроекономічної стабільності, особливої актуальності набуває необхідність вчасного реагування, попередження внутрішніх та зовнішніх ризиків і загроз бюджетно-податковій безпеці, а також захисту національних інтересів держави у фінансовій сфері. Водночас прагнення забезпечити стабільний розвиток бюджетно-податкової сфери зумовлює необхідність перегляду методичного інструментарію оцінювання рівня бюджетно-податкової безпеки, що своєю чергою потребує перегляду чинних Методичних рекомендацій щодо розрахунку рівня економічної безпеки України та їх доповнення індикаторами податкової безпеки. Стає очевидним, що забезпечення та зміцнення бюджетно-податкової безпеки України є одним із пріоритетних завдань державної політики, що й актуалізує тему дослідження. У статті визначено сутність бюджетної та податкової безпеки держави, їх взаємозалежність та взаємообумовленість, окреслено основні проблеми забезпечення бюджетно-податкової безпеки України, розглянуто нормативно-правове забезпечення безпеки бюджетно-податкової сфери. Проведено дослідження загроз і ризиків для бюджетно-податкової безпеки в контексті визначених індикаторів. Здійснено оцінки методичного підходу до оцінювання рівня бюджетно-податкової безпеки держави, проаналізовано методичку розрахунку вагових коефіцієнтів та інтегрального індикатора бюджетно-податкової безпеки. Систематизовано основні підходи до оцінювання рівня податкової безпеки та запропоновано розрахунок її індикаторів. Із метою посилення інституційного забезпечення бюджетно-податкової безпеки запропоновано розроблення концепції податкової безпеки держави та доповнення чинних Методичних рекомендацій щодо розрахунку рівня економічної безпеки України податковою компонентою.

Ключові слова: бюджетно-податкова безпека, рівень безпеки, індикатори, адвокатська діяльність, інституційно-правове забезпечення

JEL Класифікація: B49, H69, K34