SECTION 4. TAX SECURITY IN THE POST-WAR ECONOMIC RECOVERY OF UKRAINE

4.1. GUARANTEE OF THE COUNTRY'S TAX SECURITY

Tax security is a fundamental component of the financial security of the state, determining the level of its ability to function effectively within the modern economic system. It ensures not only the stability of the budget process, but also creates preconditions for sustainable socio-economic development, improvement of the population's welfare and efficient distribution and use of public resources. In the context of deepening economic integration and transnational capital flows, the issue of tax security is becoming particularly relevant.

Tax security is a set of institutional, legal and administrative measures aimed at preventing a decline in budget revenues, combating tax evasion, minimising the informal economy and increasing the transparency of tax policy. The effective functioning of this system contributes to ensuring fiscal discipline, preventing financial crime and preserving the fiscal independence of the State.

At the same time, the level of tax certainty has a direct impact on the legitimacy of the government in the eyes of society and on the investment climate in the country. A high level of business and public confidence in the tax system is a key factor in economic stability and a prerequisite for broadening the tax base. Tax security not only fulfils the function of financial control, but also acts as a strategic instrument of state policy in the field of economic security[56].

Given the multifaceted nature of the concept of tax security, the complexity of the interrelationships and interdependencies of its various elements, and the need to

[56] Страпачук Л. (2021). Вплив податкового навантаження на рівень податкової безпеки України. Матеріали конференцій Молодіжної наукової ліги. https://ojs.ukrlogos.in.ua/index.php/liga/article/view/17217

take into account the economic interests of individuals and legal entities - taxpayers, regions and the state - in order to ensure sustainable economic growth, tax security comprises the following levels: national tax security; regional tax security; taxpayer tax security[57]. National tax security is a state of the economy that ensures guaranteed tax payments to the budget, which allows to protect national interests in a changing external environment[58]. Regional tax security is the state of taxation in the region, determined by the level of local taxation[59]. Tax security of taxpayers is the financial and economic position of a taxpayer that ensures minimisation of tax risks subject to compliance with tax discipline. At present, we can distinguish four main types of tax strategies, which, regardless of the fact of their formal declaration, are implemented by enterprises and affect the tools used to ensure tax security of enterprises. The strategy of maximum tax security is aimed at absolute compliance with the requirements of the tax legislation, based on the absolute acceptance of the position of the tax authorities in all disputed issues; the strategy of tax evasion is expressed in the deliberate violation of the tax legislation (distortion of income and/or expenses, manipulation of civil law rules in the qualification of transactions, non-payment of taxes, etc.); the strategy of tax evasion is expressed in the deliberate violation of the tax legislation (distortion of income and/or expenses, manipulation of civil law rules in the qualification of transactions, non-payment of taxes, etc.). The strategy of 'mitigating' the tax consequences involves deliberately refusing to enter into illegal transactions and minimising questionable

[57] Оцінка майна та майнових прав. Заг. ред. Скринько С. К.: ТОВ «УКЦ «Експерт-Л». 2007.746 с

[58] Петряєва З. Ф., Іващенко Г.А. Верифікація градації рівнів фінансово-економічної безпеки підприємств. Науковий економічний журнал «Актуальні проблеми економіки». 2016. № 5(179). С. 402 – 411

[59] Оцінка майна та майнових прав. Заг. ред. Скринько С. К.: ТОВ «УКЦ «Експерт-Л». 2007. 746 с

transactions; the strategy of 'optimising' the tax consequences involves reducing the amount of tax liabilities (or postponing their fulfilment to a later date) and reducing tax risks through targeted legal action by the taxpayer.

As tax security is closely linked to economic, political and social processes, its provision is becoming one of the key tasks of public policy[60]. Special attention is paid to the creation of an effective tax system, the fight against corruption and smuggling, and the development of digital technologies for monitoring tax revenues. This will not only protect the financial interests of the state, but also create a favourable climate for business development, investment and innovation.

The introduction of modern technologies, such as the automation of tax administration and electronic services, opens up new opportunities to improve tax compliance. At the same time, digitalisation creates new risks in the form of cybercrime, which also requires appropriate safeguards. At the international level, issues such as the harmonisation of tax policies, the exchange of information between countries and the fight against cross-border tax evasion are relevant.

Tax security is not only a tool for ensuring the stable functioning of the state budget, but also an important factor in the country's economic independence, global competitiveness and social stability[61]. That is why research and development of strategies in this area is of particular importance for both academics and practitioners.

The issue of adapting the Ukrainian tax system to international standards, such as BEPS, and integrating it into

[60] Іванов Ю.Б. Податкова безпека: сутність та умови забезпечення. Економіка розвитку. 2010. № 2 (54). С. 9–11

[61] Виклюк М.І. Податкова безпека: дуалістичність економічної природи трактування змісту основних характеристик. Інноваційна економіка. 2013. № 5 (43). С. 242–246

the global economy, which is essential for attracting investment and developing entrepreneurship, is of particular importance. The digitalisation of tax processes and the introduction of automated tax revenue monitoring systems open up new opportunities to reduce tax risks and increase the transparency of the system.

Tax security is one of the key components of the overall economic security of the state, which plays an important role in ensuring the stability and functionality of its financial system[62]. In today's globalised and rapidly changing economic environment, the effective functioning of the tax system is becoming a cornerstone of any country's financial stability. The concept of tax security is multifaceted and encompasses various principles of activity related to the design, administration and implementation of tax policy. This phenomenon can be considered both at the macro level, from the point of view of the state, and at the micro level, taking into account the interests of businesses and citizens[63].

The state seeks to maximise tax revenues to fulfil its functions, businesses are interested in minimising the tax burden to increase profitability, and citizens expect a fair distribution of the tax burden and transparency in the use of resources. Tax security therefore depends on the effectiveness of tax policy, which includes setting optimal tax rates, ensuring fair administration and creating mechanisms to prevent tax evasion.

Of particular importance in ensuring tax certainty are the following principles: stability of tax legislation,

[62] Іщенко В.В. Податкова складова фінансової безпеки держави. Вісник економіки транспорту і промисловості. 2012. № 37. С. 35–40

[63] Власова О. Є. Податкова безпека в системі заходів забезпечення економічної безпеки суб'єктів господарювання. Комунальне господарство міст : Науково-техн. Збірник. 2012. № 108. С. 401-407

transparency in its implementation and efficiency of the tax administration system. Frequent changes in tax legislation can create instability for businesses, reduce the country's attractiveness for investment and encourage tax evasion. The transparency and predictability of the tax system helps to build trust between the state and taxpayers, which is an important factor in economic stability.

In addition to internal challenges, tax security also faces a number of external threats. These include global competition for capital, cross-border tax evasion, the use of offshore jurisdictions to minimise tax liabilities and the challenges posed by the digital economy[64]. In today's world, companies increasingly operate across national borders, making income taxation difficult to control. In particular, large international companies use various tax optimisation schemes, resulting in a significant loss of revenue for the state.

Ensuring tax security requires the development of an effective strategy that takes into account both internal and external challenges. Such a strategy should be based on the principles of fairness, efficiency and neutrality of taxation. The principle of fairness means that the tax system should ensure an equitable distribution of the tax burden among taxpayers based on their ability to pay. The principle of efficiency means minimising the administrative costs of tax administration and preventing tax evasion. Neutrality means that tax policy should not distort economic decisions of

[64]Волкова В., Дмитренко Т. (2022). Децентралізовані фінанси: їх розвиток у сучасній фінансовій системі та ризики, які вони спричиняють. Grail of Science, (12-13), 71–80. https://doi.org/10.36074/grail-of-science.29.04.2022.007

economic agents, such as investment, consumption or saving[65].

In the context of Ukraine, tax certainty is particularly important given a number of structural problems, such as the grey economy, corruption, inefficient tax administration and frequent changes in tax legislation. The large size of the informal economy results in significant losses to the budget, which limits the state's ability to finance social programmes and investment projects. Corruption in the tax administration undermines confidence in state institutions and encourages tax fraud.

Comprehensive reforms are needed to improve Ukraine's tax security. These include strengthening the tax administration, introducing modern digital technologies to automate processes, strengthening the fight against corruption and preventing shadow tax regimes. Another important principle is to harmonise tax legislation with international standards, which will help to increase the transparency of the tax system and create a favourable business climate[66].

As a complex phenomenon, it encompasses various principles governing the relationship between the State, economic entities and citizens. Tax security is a multi-level category that can be divided into several types according to its functional, territorial and object dimensions. Each of these types performs specific tasks aimed at ensuring the stability of the financial system and the effective performance of the state's functions.

The first type of fiscal security is government fiscal security, which is defined as the ability of government to

[65] Подік І. І. Податкова безпека як складова частина економічної безпеки національної економіки. Східна Європа: економіка, бізнес та управління. 2016. № 2. С. 100–107

[66] Барановський О. І. Податкова безпека: сутнісний вимір. Збірник наукових праць Університету державної фіскальної служби України. Ірпінь, 2017. № 1. С. 7–24

ensure the necessary level of budget revenues to perform its functions. It includes mechanisms for formulating tax policy, administering taxes, combating tax evasion and preventing the informal economy. State tax security depends on the stability of the tax system, its adaptability to changes in the external environment and its ability to respond to challenges such as economic crises or external economic pressures.

The second type is regional tax security, which refers to ensuring the stability of tax revenues within individual administrative units. This type is particularly relevant for decentralised systems where local budgets are heavily dependent on tax revenues. Regional tax security ensures that local programmes such as infrastructure development, social support and healthcare can be financed. At the same time, the effective functioning of this type of tax security requires taking into account the specifics of the regions, such as the level of economic development, economic structure and social needs.

Business tax security, which reflects the degree to which businesses are protected from excessive tax burdens, legislative instability and corruption risks. It is important for businesses to have predictable tax policies and transparent and efficient tax administration. Corporate tax security is a key condition for stimulating investment, innovative development and increasing the competitiveness of the national economy. Violations of corporate tax security can lead to capital outflows abroad, reduced investment and the growth of the informal economy[67].

Tax security for individuals, which ensures that they are protected from excessive tax burdens, discrimination and

[67] Писаренко В. П. Корпоративний податковий менеджмент як основа забезпечення фінансової безпеки підприємства. 2018. URL: http://dspace.pdaa.edu.ua:8080/handle/123456789/1451

unfair distribution of tax liabilities. The tax system should be based on the principles of fairness and equality so that citizens are not overburdened financially. In addition, an important component of tax security for individuals is transparency in the use of tax resources, which helps to increase trust in government and encourages voluntary tax payments.

Tax security can be classified according to the object of protection. In this context, we distinguish between budgetary tax security, which focuses on ensuring the stability of state and local government revenues. It includes measures aimed at preventing tax evasion, combating the illegal use of tax benefits and ensuring that tax rates are in line with economic realities[68].

External tax security, which is related to the prevention of risks arising from international economic activity. This includes combating transnational tax evasion, optimising the use of double taxation treaties, and counteracting the use of offshore zones. In today's world of globalisation and digitalisation of the economy, external tax security is becoming increasingly important, as its violation can lead to significant losses for the budget and the country's economy as a whole[69].

An essential part of the tax security structure is internal tax security, which covers the protection of the economy from internal threats such as corruption in the tax authorities, the informal economy, low tax discipline and institutional weaknesses in the tax system. It aims to create transparent

[68] Голіков С. С. Податкова безпека у системі фінансової безпеки. Економіка та держава. 2015. № 11. С. 135–137

[69] Podik I. I. SAF-T як інструмент забезпечення податкової безпеки. Economics of the Information Society: Current Issues and Prospects for Development: Thesis of the International scientific and practical conference, December. Kyiv; Budapest; Vienna: International Academy of Information Science, 2018. С. 5–7

rules of the game for all economic actors and to ensure a level playing field.

Strategic tax security, which ensures the long-term sustainability of the tax system. It involves anticipating future challenges related to demographic change, the development of the digital economy and changes in international tax policy. Strategic tax security requires a proactive approach to tax policy-making in order to avoid financial crises and ensure sustainable economic development.

Strategic tax security, which ensures the long-term sustainability of the tax system. It involves anticipating future challenges related to demographic change, the development of the digital economy and changes in international tax policy. Strategic tax security requires a proactive approach to tax policy-making in order to avoid financial crises and ensure sustainable economic development[70]. Understanding the variety of types of tax security and their interrelationships is key to formulating an effective tax policy that takes into account both the short-term and long-term needs of society.

Modern tax security performs a set of tasks aimed at ensuring fair, efficient and reliable functioning of the tax system, which must be adapted to the challenges of the times and comply with international standards[71]. One of the key functions of tax security is the regulation of tax flows, which includes the control of tax collection and the efficient distribution of taxes according to the needs of the state budget. This helps to ensure stable funding for government programmes and services such as health, education,

[70] Мельник А. О., Колесник А. О. Податковий складник економічної безпеки підприємства. Науковий погляд: економіка та управління. 2020. № 1(67). С. 83–88. URL: http://212.1.86.13/jspui/handle/123456789/3950

[71] Павліченко В. М. Податкова безпека як складова економічної безпеки українських підприємств в умовах кризи. Вісник економіки транспорту і промисловості. 2015. № 49. С. 131-135

infrastructure, defence and social protection. At the same time, tax security acts as a stabiliser in the economy, helping to maintain macroeconomic balance by regulating the tax burden on businesses and individuals.

Ensuring the fairness of the tax system, which means an equal distribution of the tax burden between different categories of taxpayers. This involves combating tax offences, tax evasion and other types of financial crimes that damage public finances[72]. Для реалізації цього завдання податкові органи використовують сучасні технології, аналіз даних та міжнародну співпрацю для виявлення та запобігання незаконним фінансовим схемам.

Promoting economic growth by stimulating investment activity, supporting small and medium-sized businesses, and creating conditions for the development of innovations and technologies. This function involves establishing a favorable tax climate that promotes investment and job creation. In this context, tax security should be flexible and long-term oriented to ensure the country's economic competitiveness.[73].

In the current context of globalisation and intensification of integration processes in the international arena, the role of interstate cooperation in the formation of an effective tax security system is growing significantly. Countries are increasingly involved in joint initiatives aimed at establishing the exchange of tax information, unifying approaches to taxation and combating transnational tax offences. This format of cooperation is a tool to reduce global tax evasion risks, in particular through the use of automatic

[72] Цимбалюк І. О. Податкова безпека в системі фінансової безпеки держави. Стратегічне управління національним економічним розвитком: монографія: в 2 т. Донецьк: ДВНЗ «ДонНТ» 2013. Т. 2. С. 13–23

[73] Виклюк М. І., Гресик В. В. Податкова безпека: дуалістичність економічної природи трактування змісту основних характеристик. Інноваційна економіка. 2013. № 5. С. 242–246

data exchange mechanisms, the implementation of international BEPS (Base Erosion and Profit Shifting) standards, and the expansion of the double taxation treaty framework.

International tax cooperation allows not only to strengthen the control of cross-border financial flows, but also to ensure fair taxation of multinational companies, which often use aggressive tax planning and offshore jurisdictions to minimise their tax burden. In this context, it is particularly important to respect the principle of tax fairness, which implies a link between tax liabilities and real economic transactions that generate added value.

The function of ensuring transparency and accountability of the tax system deserves special attention, as it helps to increase tax discipline, strengthen public confidence in tax authorities and reduce corruption. Tax transparency is achieved through the publication of tax returns of large companies, the digitalisation of tax administration and improved control mechanisms. In turn, the increased accountability of tax institutions contributes to the formation of a long-term tax culture and ensures the stability of the financial system in the face of dynamic challenges in the global environment.

Transparency in tax processes, clarity of tax rules and timely informing citizens about changes in tax legislation are key factors in strengthening social trust and reducing the shadow economy[74]. In the context of rapid changes in the global economic environment, driven by digitalisation, the proliferation of cryptocurrencies, the development of financial technologies (fintech) and decentralised payment systems, tax security as a component of national economic

[74] Меліхова Т. О., Троян О. В. Аналіз впливу податкового навантаження на рівень податкової безпеки підприємства. Інвестиції: практика та досвід. 2017. № 20. С. 33–37

security is facing new challenges. In today's dynamic digital transformation of the economy, traditional tax control and administration tools are increasingly proving to be ineffective. The use of outdated approaches to the identification of taxable entities, collection and processing of information on the financial and business activities of taxpayers does not correspond to the level of development of digital business models and transnational financial flows. The growing popularity of e-commerce, virtual assets, the platform economy, and the expansion of services through digital channels make it much more difficult for fiscal authorities to identify taxable transactions, especially those that occur outside the jurisdiction of national tax systems.

The digital environment poses new challenges for public tax policy, particularly in terms of ensuring tax transparency, preventing transfer pricing, aggressive tax planning and tax evasion through cross-border digital structures. In this context, traditional forms of control, such as on-site inspections, analysis of paper-based financial statements and the use of fragmented databases, do not allow for an effective response to the new risks arising in the digital space.

Moreover, the active use of cryptocurrencies, e-wallets, smart contracts and other financial instruments based on blockchain technology facilitates the anonymity of participants in economic transactions and complicates the process of tracking cash flows.

In this regard, the need to modernise the tax administration system through the implementation of innovative technological solutions, such as blockchain, artificial intelligence, automated transaction monitoring systems and big data analytics, becomes particularly relevant. This not only makes it possible to increase the transparency

of tax processes, but also to respond promptly to identified threats and minimise tax losses to the budget. At the same time, the state should develop adaptive legal and institutional mechanisms to regulate new financial instruments, including cryptocurrencies, which create parallel economic environments outside the jurisdiction of national fiscal authorities. Clear regulatory frameworks for taxation of income generated in the digital sector will help reduce shadow financial flows and increase fiscal sustainability.

Ensuring tax security in the context of digital transformation also requires harmonising tax policy with the needs of the digital economy. This includes creating a favourable environment for innovative business development while ensuring a fair distribution of the tax burden. Thus, the effective integration of digital technologies into tax regulation is a critical condition for maintaining tax stability, ensuring macroeconomic balance and supporting sustainable economic development in the new realities of the globalised world[75].

In today's environment, the tax system plays a central role in the formation of government budgets, providing funding for key areas of public life such as health, education, social protection and defence[76]. However, modern states, including Ukraine, face a number of threats that weaken tax security and pose serious challenges to the functioning of the financial and economic system. These threats are multifaceted and cover political, economic, social and legal principles, which requires a comprehensive approach to their analysis and overcoming (Figure 3.2).

Tax security of the state

[75] Андрущенко В. Л., Тучак Т. В. Податкова держава. Київ: Алерта, 2016. 304 с

[76] Глухова В. І., Скрипник Л. І. Стан податкової безпеки України та напрямки її зміцнення. Інтернаука. 2018. № 10. С. 15–17

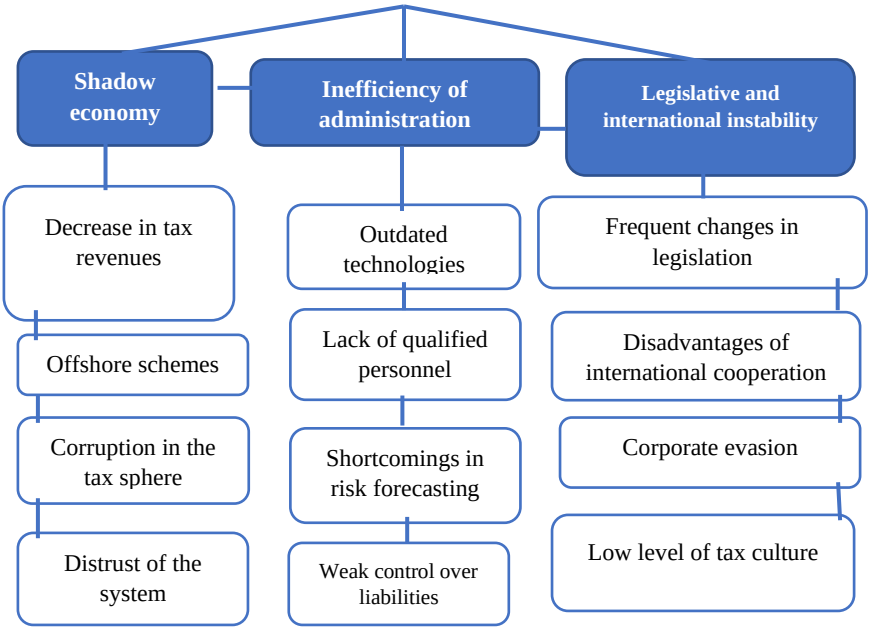


Fig.3.2 - Tax security of the state in the context of modern challenges*

** systematised by the authors according to 3, 7, 12, 16*

Among the main challenges faced by modern states, the problem of the shadow economy occupies a special place, as its spread negatively affects all principles of public administration, including tax security (Figure 2).

The shadow economy is a hidden but extremely powerful factor that contributes to the systemic deformation of economic processes, undermines the financial stability of the state and deepens social inequality [77]. In the global

[77] Вплив тіньової економіки на податкову безпеку країни: макро- та мікроекономічний рівень. URL :: https://pidruchniki.com/78203/finansi/vpliv_tinovoyi_ekonomiki_podatkovu_bezpeku_krayini_ makro-_mikroekonomichniy_riven

context, the shadow economy is a multidimensional phenomenon that can manifest itself in the form of illegal activities, unregistered businesses or the concealment of part of the income from taxation.

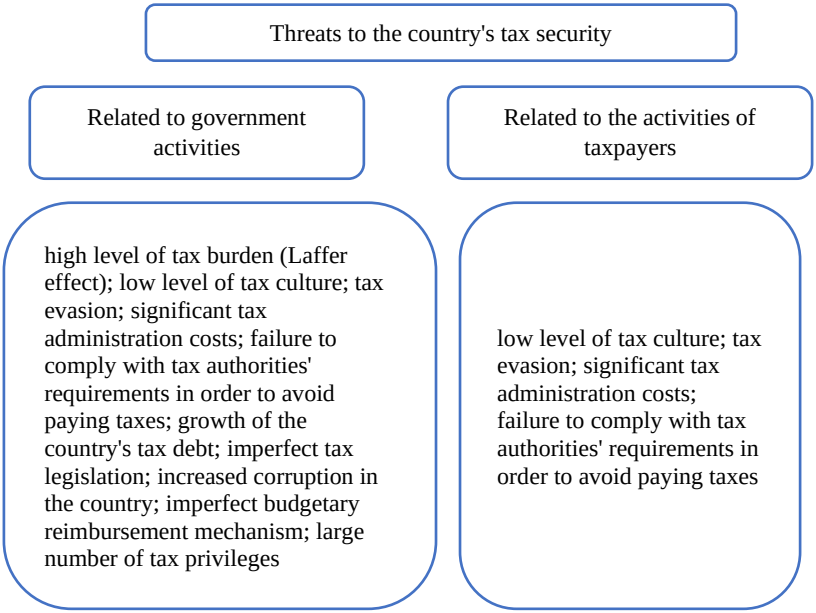


Fig. 3.3 - Threats to the country's tax security*

** compiled by the authors for 7, 12, 16*

However, in the case of Ukraine, this phenomenon is even more important due to specific socio-economic, political and institutional factors. One of the most destructive consequences of the shadow economy is a significant reduction in tax revenues to the state budget, which in turn leads to a decrease in funding for social programmes, infrastructure projects and other priority areas of state

policy[78]. In these conditions, the state's dependence on external borrowing increases, which increases the country's financial vulnerability and reduces the level of its economic sovereignty [79].

It is important to emphasise that the spread of the shadow economy in Ukraine is systemic and largely determined by the low level of institutional trust on the part of the population and business entities. This situation has developed against the backdrop of continued corrupt practices in public administration, non-transparent use of budgetary resources, lack of proper accountability of public authorities, and poor performance of public policy in key socio-economic areas.

Distrust in state institutions leads to a vicious cycle of dysfunctional behaviour, whereby citizens and businesses tend to ignore fiscal obligations, motivated by the belief that the collected taxes are being used inefficiently or illegally. In turn, the decline in tax revenues deepens fiscal imbalances, forcing the state to increase the fiscal burden or cut public spending, which in turn further increases social tensions and weakens the legitimacy of the tax system.

One of the characteristic features of the shadow economy is the active use of complex tax optimisation or tax evasion schemes by business entities. Such practices include manipulation of financial and accounting reports, understatement of actual sales of goods and services, use of transit or offshore companies to shift profits out of the

[78] Краус Н. М. Детермінанти тіньової економіки в інноваційних умовах господарювання: монографія. Полтава: Дивосвіт, 2014. 148 с. URL: https://core.ac.uk/download/pdf/300238899.pdf

[79] Петренко І. Податкові ризики, що впливають на економічну безпеку підприємства. Банкрутство & Ліквідація в Україні. 2019. URL: https://bankruptcy-ua.com/articles/10955

jurisdiction of Ukrainian fiscal authorities, and falsification of documents confirming expenses or business transactions.

The problem of using offshore jurisdictions, which allow companies to minimise their tax burden through intra-group transfer pricing, registration of legal entities outside Ukraine and transfer of assets to the shadow sector, is becoming particularly acute. Such actions significantly complicate control by the tax authorities and create conditions for budget imbalances and threats to the economic security of the state.

Effectively tackling the informal economy requires a comprehensive reform of the institutional environment, increased transparency of public spending, the introduction of modern fiscal control mechanisms and the creation of conditions for building trust between the state and society. Only under these conditions can the level of voluntary fiscal discipline and the size of the informal economy be increased and reduced.

These actions not only contribute to the further expansion of the informal economy, but also create unfair competitive advantages for those who engage in such practices, in violation of the principles of fair competition[80].

The problem of the informal economy is multifaceted and its solution requires a comprehensive approach, taking into account both the economic and social principles of the phenomenon[81]. On the one hand, the government should ensure that there is an effective tax system that is transparent, fair and understandable to taxpayers. This means simplifying

[80] Маршук, Л., Бурлака, М. (2022). Фінансова система України в умовах війни. *Економіка та суспільство*, (44). https://doi.org/10.32782/2524-0072/2022-44-26

[81] Приступа, Т., Чайковська, В. (2019). Тіньова економіка та її вплив на соціально-економічний розвиток країни. Приазовський економічний вісник, вип. 1(12). URL: http://pev.kpu.zp.ua/journals/2019/1_12_uk/11.pdf

tax administration, reducing the tax burden on small and medium-sized enterprises and introducing incentives for voluntary tax payment, such as tax relief, subsidies or co-financing programmes for investment projects. On the other hand, it is necessary to improve the mechanisms of government control over tax compliance, in particular by introducing modern technologies for monitoring, analysing and detecting infringements. In this context, digital platforms can play an important role by allowing for the automation of accounting and reporting processes, thereby reducing opportunities for manipulation.

In addition, the problem of the shadow economy cannot be solved without raising the level of legal culture of the population and creating awareness in society of the importance of paying taxes as a prerequisite for the country's sustainable development. This requires targeted information and awareness-raising activities, including the promotion of the principles of tax responsibility, increased transparency in the use of public funds, and active public involvement in the decision-making process. At the same time, the state should take measures to reduce corruption in the tax authorities, which is one of the key prerequisites for effective fight against the shadow economy[82]. The successful implementation of these measures could create the basis for increasing public trust in state institutions, which in turn would be an important step towards overcoming this negative phenomenon.

Ineffective tax administration is one of the main factors undermining the financial stability of the state and creating

[82] Краус, Н.М. (2014). Детермінанти тіньової економіки в інноваційних умовах господарювання: монографія. Полтава: Дивосвіт. 148 с

favourable conditions for tax fraud[83]. The problem of efficient functioning of the tax system is complex and includes not only economic and legal, but also technical and organisational aspects of the fiscal authorities' activities. In the case of Ukraine, this problem is particularly acute due to a number of systemic shortcomings caused by both institutional inertia and technological backwardness of tax administration procedures. Outdated mechanisms for accounting, tax reporting and control significantly limit the potential of the tax system to respond promptly to the challenges of digital transformation, which is taking place both globally and nationally. The lack of proper automation of key business processes in tax administration, such as taxpayer registration, declaration processing, monitoring of financial flows and auditing, not only increases the workload of fiscal authorities' staff, but also creates preconditions for subjective decisions, which in turn increases the risk of corruption. The fact that a significant part of the procedures is still in paper form makes it difficult to control the circulation of tax information, reduces the transparency of interaction between taxpayers and tax officials, and significantly increases administrative costs for both business and the state. The low level of digitalisation of fiscal processes causes not only technical difficulties in administration, but also significant financial costs to ensure the functioning of the system, which reduces its overall efficiency. In addition, in such conditions, the number of loopholes for abuse by unscrupulous business entities that use weaknesses in the control system to evade taxation or manipulate tax liabilities is growing. This undermines tax fairness and leads to a loss of budget revenues. Improving the

[83] Мельник М. І., Лещух І. В. Податковий контроль в Україні: проблеми та пріоритети підвищення ефективності : монографія. Львів : ДУ “Інститут регіональних досліджень ім. М. І. Долішнього НАН України”, 2015. 330 с

technical infrastructure and organisational framework of the tax authorities is a critical task to ensure the stability of the tax system in Ukraine. The transition to full digital interaction between tax authorities and taxpayers, the introduction of electronic document management, data mining, automated risk assessment and tax audit systems should be the priority areas of reform. Only under these conditions will it be possible to increase the transparency, efficiency and effectiveness of the tax administration, reduce the scope for abuse and restore confidence in the state's tax policy[84].

In addition to technical problems, organisational shortcomings have a significant impact on the efficiency of tax administration. One of the key problems is the low level of qualification of tax officials, which complicates the process of introducing new technologies and reduces the overall productivity of the tax system. The lack of adequate funding for these bodies further exacerbates the problem, as insufficient resources limit the ability to train staff, modernise equipment and create an efficient tax collection infrastructure. At the same time, corruption in the tax authorities is a serious deterrent to the development of the tax system. Abuse of office, manipulation of databases and the creation of artificial barriers for taxpayers undermine trust in the tax authorities and encourage business entities to evade taxation. Thus, the organisational weakness of the tax service creates preconditions for abuse, which ultimately causes significant financial losses to the state and undermines its tax security.

Another important problem is the lack of modern analytical tools for assessing tax risks and predicting possible

[84] Докієнко, Л. (2022). Цифрова трансформація фінансів підприємства. *Підприємництво та інновації*, (22), 18-25. https://doi.org/10.37320/2415-3583/22.3

abuses [85]. In many countries around the world, the introduction of digital technologies and big data allows for the creation of sophisticated models to identify risky entities, analyse transactions and detect tax evasion schemes. In Ukraine, however, these processes are still at an early stage, which limits the state's ability to respond effectively to new challenges. The lack of integrated databases, insufficient information exchange between different government agencies, and limited access to international financial data significantly complicate the fight against tax violations. This allows business entities to use sophisticated tax evasion schemes, including transactions with offshore companies, fictitious contracts or fake reports. As a result, the state loses significant amounts of tax revenue that could be used to finance social programmes, develop infrastructure or support key sectors of the economy.

Ineffective tax administration also contributes to deepening distrust of the state on the part of businesses and citizens. Administration is the management, organisation, execution, supervision, and control through organisational and administrative activities (in the form of orders and instructions) of governing bodies. Administration of taxation processes is a set of measures aimed at ensuring compliance with legislative and regulatory acts. The object of administration is the process of reconciliation and repayment of tax liabilities of taxpayers. The purpose of the administration is to ensure repayment of tax liabilities of taxpayers by optimally intervening in their business activities through the application of legally established mechanisms and procedures. Tax administration is a set of legal, economic

[85] Петренко І. Податкові ризики, що впливають на економічну безпеку підприємства. Банкрутство & Ліквідація в Україні. 07.02.2019. URL: https://bankruptcy-ua.com/articles/10955

and financial measures taken by the state to form a taxation system, ensure timely and full payment of taxes and duties to meet the needs of society as a whole, and develop the country's economy by redistributing financial resources. Tax administration means a set of rules and regulations, methods, means and actions by which specially authorised state bodies carry out management activities in the tax area aimed at monitoring compliance with the legislation on taxes and fees, the correctness of their calculation and full payment, and bringing to justice violators of tax legislation[86]

When taxpayers face bureaucratic obstacles, long processing times or incompetent tax officials, they lose motivation to fulfil their tax obligations. In such circumstances, taxpayers begin to look for ways to minimise their tax burden, which only increases the shadow economy. Instead, an efficient and transparent tax system can become a powerful tool for increasing trust in the state. This implies not only improving technical and organisational factors of administration, but also introducing effective feedback mechanisms that will allow taxpayers to actively participate in the decision-making process and control the use of public funds[87].

The instability of tax legislation is one of the most significant factors undermining the effectiveness of the tax system, creating serious challenges for both government and business. Frequent changes in tax legislation, often without proper impact analysis or stakeholder input, create an environment of legal uncertainty that makes it difficult to

[86] Бандурка О. М., Понікаров В. Д., Попова С. М. Податкове право : навч. посіб. К. : Центр учбової літератури, 2012. 312 с.

[87] Лютий, І. О., Мєдвєдкова, Н. С. Сучасна парадигма фінансової політики держави та особливості її реалізації в умовах війни на території України. Фінанси України. 2023. № 6. с. 61 – 74.

meet tax obligations. This uncertainty forces companies to constantly adapt their financial strategies, which requires additional time and resources, creates chaos in tax accounting and increases the risk of errors. In such circumstances, taxpayers are faced with a sense of instability that complicates their economic activity, forcing them to seek ways to minimise risks and sometimes to evade their tax obligations. For the state, on the other hand, this means a loss of confidence on the part of the business community, as the absence of clear and stable rules of the game weakens the legitimacy of the tax system and reduces its ability to accumulate the necessary resources to achieve social and economic goals.

Insufficient clarity and comprehensibility of certain provisions of tax legislation creates significant difficulties in their application, both for taxpayers and tax authorities. When provisions of laws are worded ambiguously or leave room for different interpretations, this creates conflicts between participants in tax relations. Taxpayers are forced to seek clarification, file complaints or even engage in litigation, which consumes time, money and resources that could be used to develop their business or address other pressing issues. In turn, the tax authorities, acting in an ambiguous environment, may make decisions that are contrary to the interests of taxpayers or lack clear instructions for applying certain rules. This not only complicates the tax administration process, but also creates additional opportunities for corruption, as situations of legal uncertainty provide room for subjective interpretation of laws and manipulation by public officials[88].

[88] Єфименко Т. І. Управління державними фінансами в період воєнного стану та повоєнної відбудови України: науковий супровід трансформацій. Фінанси України. 2023. № 1. С. 7–25. URL: https://doi.org/10.33763/fi nukr2023.01.007

A particularly serious consequence of the instability of tax legislation is the complication of long-term planning processes both at the level of individual companies and at the level of the state as a whole. For businesses, clear and stable tax rules are a prerequisite for developing development strategies, investing in production, creating new jobs and expanding their market presence. When the rules change unexpectedly or become unpredictable, businesses are forced to refrain from risky investments, reduce production or withdraw capital from the country altogether. This has a negative impact on the investment climate, as potential investors consider legal uncertainty to be one of the biggest risks to their operations. Therefore, the instability of tax legislation directly hinders economic growth, reduces the competitiveness of the national economy and creates serious obstacles to Ukraine's integration into the global economy.

On the government side, constant changes in tax rules also complicate the budget planning process, leading to uneven distribution of resources and reduced efficiency of financial management. Uncertainty about future tax revenues forces the government to act in the short term, which negatively affects the implementation of long-term infrastructure projects, social programmes and other strategically important initiatives. In addition, this situation creates a vicious circle: insufficient budget revenues prompt the government to make changes to the tax system, often without proper preparation, which in turn only increases legal uncertainty and reduces trust in the tax authorities.

Shortcomings in the implementation of tax legislation are another important principle that exacerbates the problem of instability. Even when laws are clearly formulated, their implementation can be ineffective due to insufficient technical training of tax authorities, lack of modern

accounting and monitoring technologies, and lack of coordination between different government agencies. This creates the preconditions for the emergence of tax evasion schemes, when taxpayers use gaps in the legislation or its inefficient application to minimise their liabilities. In such circumstances, the state loses significant amounts of tax revenues, which undermines its ability to ensure financial stability and perform social functions.

Economic globalisation has become one of the key factors influencing the development of tax systems in the modern world, creating both new opportunities for international cooperation and significant threats to the tax security of states. On the one hand, globalisation opens up access to new markets, stimulates investment and facilitates the exchange of technology, ensuring economic growth. On the other hand, it complicates tax administration, as traditional tools for controlling business income and expenses become less effective in the face of blurred borders and the proliferation of transnational financial transactions. One of the most critical problems associated with globalisation is the growing use of transnational schemes by companies to optimise tax payments, which leads to the loss of significant amounts of tax revenue in the countries where these companies actually operate. In such circumstances, governments face serious challenges as they have to find a balance between creating a favourable business climate and ensuring fiscal stability[89].

One of the most common ways in which international companies minimise their tax liabilities is by shifting profits to low-tax or even tax-free jurisdictions. This process, known

[89] Луніна І. О. Потенціал публічних фінансів для забезпечення видатків воєнного періоду та поствоєнного відновлення України. Фінанси України. 2022. № 8. С. 7–26. URL: https://doi.org/10.33763/fi nukr2022.08.007

as tax planning, allows companies to reduce their tax costs without formally breaking the law. At the same time, such actions result in significant financial losses for the countries that are the main markets for these companies. Manipulation of pricing within a group of companies, in particular, so-called transfer pricing, is another tool for tax evasion. Under this practice, companies artificially underestimate or overestimate the prices of goods and services supplied between their divisions in different countries in order to shift profits to lower-tax jurisdictions. Such schemes not only reduce tax revenues, but also distort the competitive environment, as small and medium-sized enterprises that do not have access to such tools are at a much worse disadvantage.

The absence of effective international mechanisms to control such practices creates additional obstacles to ensuring tax security. Despite the existence of a number of international initiatives, such as the Base Erosion and Profit Shifting (BEPS) under the auspices of the Organisation for Economic Co-operation and Development (OECD), gaps in cooperation between countries still remain significant. This is especially true for the exchange of tax information, which is a key tool for detecting and combating transnational tax evasion schemes. The uneven level of participation of different countries in such initiatives, the lack of a single standard for data exchange and limited opportunities for developing countries to be involved in these processes make it difficult to implement global approaches to addressing the problem. At the same time, many countries, in particular low-tax jurisdictions, are not interested in changing the status quo, as their economies are largely dependent on revenues generated by their tax haven status.

For developing countries, including Ukraine, the effects of globalisation on taxation are particularly pronounced. On the one hand, such countries have significantly fewer resources to ensure effective tax control, which makes it difficult to combat transnational tax evasion schemes. On the other hand, the weakness of their institutions, the lack of modern technologies for analysing financial transactions and insufficient integration into global tax initiatives make them vulnerable to the influence of global corporations that exploit these gaps. In such circumstances, there is a risk of a 'tax vacuum', when most of the income of enterprises is transferred abroad, leaving the country with limited financial resources to perform its socio-economic functions.

At the same time, globalisation creates new opportunities for cooperation between countries in the field of taxation, which can be used to strengthen tax security. Increasing the transparency of financial transactions, creating effective mechanisms for the exchange of tax information, and developing common standards to combat transnational tax evasion schemes are all important steps towards solving the problem. For countries seeking to integrate into the global economy, participation in international initiatives aimed at increasing tax transparency and improving tax administration should be a priority. At the same time, it is necessary to strike a balance between the interests of the state and business, as excessively strict rules can hinder economic activity and discourage potential investors.

The socio-psychological factor of tax security is an extremely important factor that directly affects the stability of the tax system and the efficiency of its functioning[90]. In

[90] Варій М.Й. Психологічні основи економічної безпеки. Науковий вісник Львівського державного університету внутрішніх справ. 2009. Вип. 2. С. 1–16. URL: http://www.lvduvs. edu.ua/documents_pdf/visnyky/nvsp/02_2009/09vmjoeb.pdf

modern societies, taxes are the basis for financing public services and providing public goods. However, the low level of tax culture among the population and businesses casts doubt on the state's ability to fulfil these functions. In many countries, including Ukraine, citizens do not always understand the importance of paying taxes and do not feel responsible for doing so. This situation is shaped by many factors, including a lack of public awareness of the role of taxes, the spread of negative stereotypes about the tax system, and a low level of trust in government institutions. The tax culture, which should be formed from childhood through education, civic education and communication by the state, often remains on the fringes of public discourse, creating a favourable environment for the spread of unfair behaviour among taxpayers.

In Ukraine, the problem of the socio-psychological principle of tax security is particularly acute due to the long-standing crisis of trust in government agencies. Corruption scandals, lack of transparency in the use of budget funds and political instability have significantly reduced the level of public support for the tax system. Many citizens and entrepreneurs see taxes as a burden rather than an obligation, forcing them to look for ways to evade payment. In such conditions, a vicious circle is created: a low level of tax culture leads to a decrease in budget revenues, which limits the state's ability to provide quality public services, which in turn further undermines trust in government. The spread of this phenomenon has not only economic but also social consequences, as it deepens inequality in society. Those who pay their taxes honestly bear an additional financial burden due to the dishonest behaviour of others, creating a sense of injustice and mistrust in the system.

The tax culture of the population is shaped by many factors, among which communication between the state and society plays a significant role. Successful countries demonstrate that an effective tax system is based not only on strict control mechanisms, but also on building trust in the state, which ensures transparent and efficient use of tax funds. Citizens should understand that paying taxes is not only a duty, but also a contribution to the development of society. In Ukraine, insufficient attention is paid to information and education activities that could help improve the level of tax culture. Government agencies mostly focus on the administrative side of tax discipline, leaving aside the moral and ethical dimension of the issue. At the same time, the lack of an open dialogue with citizens on the importance of paying taxes increases the alienation between society and the state, making it difficult to combat tax evasion.

Particular attention should be paid to the impact of social norms and values on tax behaviour. In a society with a negative attitude towards the tax authorities and widespread tax avoidance, tax evasion is perceived as acceptable behaviour. This social context poses additional challenges to the development of tax discipline, as even those who are willing to fulfil their obligations may be influenced by negative stereotypes[91]. To change this situation, it is necessary to introduce programmes that promote a positive attitude towards the tax system. This may include not only educational campaigns, but also the creation of real-life examples of efficient use of tax funds that demonstrate the public benefit of paying taxes honestly.

[91] Сазонова Т. О., Єріна В. В. Роль психологічних методів управління у формуванні ефективної діяльності підприємства. Економічний форум. 2020. № 1. С. 103–109. DOI: https://doi.org/10.36910/6775-2308-8559- 2020-1-14

One of the key approaches to overcoming the problem of a low tax culture in society is the implementation of a systematic educational policy aimed at raising the level of financial awareness among citizens. Raising the level of financial and tax literacy of the population is seen as a strategic tool not only to ensure an appropriate level of fiscal discipline, but also to promote a responsible attitude towards fulfilling fiscal responsibilities.

In the current paradigm of economic development in the world's leading countries, considerable attention is paid to the development of financial and tax literacy as an important component of civic competence. In the practice of many economically developed countries, basic knowledge of the principles of the functioning of the market economy, the structure of the tax system and the role of taxes in ensuring sustainable financing of the public sector is integrated into the educational standards at the level of general secondary education. This approach makes it possible not only to impart basic economic knowledge, but also to develop a responsible attitude towards fulfilling tax obligations among young people.

In particular, in the European Union, the United States of America, Canada, Japan and Australia, economic and tax education is implemented through compulsory subjects taught at different levels of schooling. The curricula are designed to ensure that students understand the mechanisms of public finance, the functions of tax policy in the context of social welfare, and the importance of voluntary compliance with tax obligations as an element of the social contract between the citizen and the state.

The mastery of basic concepts such as tax fairness, fiscal responsibility, and budgetary balance by students forms the basis for the development of tax-conscious citizens in the

future, capable of assessing socially important economic processes and interacting responsibly with government institutions. Thus, the system of school tax education is not only a tool for the formation of intellectual capital, but also an effective means of improving the level of tax culture in the long term.

The application of this practice in Ukraine is still limited. Educational initiatives in the field of economics and taxation are usually presented in fragments and do not cover a wide range of students. This state of affairs does not allow for a systematic understanding of the importance of taxes in society, which reduces the effectiveness of the state tax policy in terms of its social acceptance and compliance.

At the same time, the widespread use of digital technologies is an important area for modernising the mechanisms of interaction between the state and taxpayers. The creation and development of electronic services, mobile applications, and interactive platforms for reporting and tax payment not only improves the efficiency of administration, but also ensures transparency of procedures, reduces corruption risks, and strengthens public trust in government institutions.

Thus, the combination of educational initiatives and digital tools for managing the tax system should be seen as a comprehensive strategy for improving the level of tax culture, which, in turn, is an important condition for strengthening the financial stability and economic security of the state.

The social and psychological factor of tax certainty includes the moral responsibility of business, which is an important element of any country's economy. Good faith compliance by companies with their tax obligations should become the norm, not the exception. To this end, the government should create favourable conditions for doing

business, including ensuring the stability of tax legislation and the transparency of tax procedures. At the same time, it is necessary to introduce incentive mechanisms for companies that demonstrate high tax discipline, such as a reduction in the tax burden or access to government support programmes. This approach will help to promote a culture of responsible business, which is an important component of tax certainty.

All these threats require effective and comprehensive measures to overcome them. In particular, it is necessary to strengthen tax discipline by enhancing control, improving tax administration and ensuring transparency in the use of budget funds. The state should create favourable conditions for honest business by reducing administrative pressure and at the same time increasing liability for violations of tax legislation. It is also important to develop international cooperation in the field of information exchange, combating offshore schemes and tax evasion. But the most important principle remains the formation of a tax culture through educational and information campaigns that will help every citizen understand the importance of taxes for the well-being of the entire country.

Thus, the tax security of the state is the basis of its economic stability, and ensuring it should be one of Ukraine's top priorities. Only by overcoming the existing threats and creating an efficient, transparent and fair tax system will the state be able to guarantee its economic prosperity and social justice in the long run.

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The research is aimed at substantiating new approaches to the formation of the system of economic security and its components, in particular the financial component, in order to ensure the integrity of the system from the point of view of the possibility of effective functioning in new economic conditions, characterized by changes in the forms of interaction of industry with the banking system, the tax system; changes in the state policy, which complicate the mechanism of interaction with business structures. It is proved that the financial security of an enterprise is central to the system of economic security, which is explained by the following: the level of financial security of any enterprise determines its ability to provide other components of its economic security, and changes in any field of the enterprise are ultimately reflected in its financial security.

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