Tax Risk Management Mechanisms in the Context of Increased Tax Control and Automatic Exchange of Information

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Abstract. *In the context of growing regulatory pressure and global tax transparency, this article investigates the conceptual foundations and practical mechanisms for integrating tax compliance into corporate risk appetite strategies. This research is relevant because tax legislation is increasingly complex, international initiatives such as BEPS, CRS and FATCA are becoming more prevalent, and automated tax information exchange frameworks are evolving. These changes necessitate a shift on the part of enterprises from reactive tax risk mitigation to proactive, systematised, and strategically aligned compliance models. The objective of the present study is twofold: firstly, to develop and substantiate an adaptive model for embedding tax compliance mechanisms into corporate governance systems; and secondly, to focus specifically on aligning such mechanisms with the company's accepted level of tax risk (risk appetite). The research methodology is based on systems theory, institutional analysis and predictive analytics and strategic modelling methods. The study puts forward a thorough, multi-level framework for accounting and analytical services, which it suggests should form the technological and organisational core of tax risk management. This architecture incorporates ERP-integrated modules, dashboards for key risk indicators (KRIs) and predictive artificial intelligence tools, which facilitate the ongoing identification, evaluation and management of tax risks. Rather than viewing tax compliance as merely a set of formal procedures or audit checks, the article conceptualises it as a strategic function embedded in all areas of corporate activity, ranging from market entry decisions and supply chain structuring to financial modelling and capital allocation. The proposed model highlights the importance of aligning external regulatory developments with internal decision-making frameworks in order to allow for the real-time recalibration of tax risk appetite. The institutional and cultural dimensions of the model are given key attention. It is demonstrated that the effectiveness of tax risk management depends not only on technical solutions, but also on organisational readiness, personnel awareness and internal motivation systems. The findings confirm that, today, tax risk management is a central element of sustainable corporate strategy, rather than an auxiliary accounting task. The developed model enables companies to mitigate regulatory uncertainty, increase*

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transparency and bolster their competitive position within an increasingly open and regulated global business landscape.

Keywords: *tax risk management, tax compliance, risk appetite, adaptive models, regulatory environment, accounting and analytical services, Enterprise Risk Management (ERM), strategic decision-making, information transparency.*

JEL Classification: *H26, M48, G32*

1 Introduction

In the contemporary context of transformation in national taxation systems, the enhancement of international co-operation in the domain of tax control, and the implementation of mechanisms for automatic exchange of tax information between jurisdictions, the issue of tax risk management assumes particular significance. The establishment of a comprehensive accounting and analytical environment capable of timely identifying, assessing and minimising tax risks is becoming not only an element of a company's financial strategy, but also a key factor in ensuring its economic security in the context of growing demands for transparency in financial reporting.

The relevance of the topic is due to fundamental changes in the tax administration paradigm. These changes include the introduction of global transparency concepts, the strengthening of preventive control tools, the mandatory disclosure of transfer pricing information, and the expansion of intergovernmental initiatives to prevent aggressive tax planning. The advent of the BEPS (Base Erosion and Profit Shifting) Plan and the EU DAC6 Directive has led to a substantial escalation in the institutional burden on corporate structures. This has necessitated the utilisation of scientifically sound approaches in the development of tax risk management mechanisms. The novelty of the research problem under consideration lies in the imperative to develop conceptually new instruments of internal controlling and analytical services. The purpose of these instruments is twofold: firstly, to ensure compliance with current legislative requirements; and secondly, to proactively forecast adverse consequences arising from potential tax risks.

The objective of this study is to construct and theoretically substantiate a comprehensive system of mechanisms for managing tax risks at the enterprise level. This is to be achieved under conditions of intensifying regulatory pressure and reinforced institutional oversight, with due consideration for globalised approaches to the automated exchange of tax information.

To achieve the stated objective, the following research tasks have been defined:

– to systematise the theoretical and categorical framework and outline the key determinants of tax risks in the contemporary economic environment;

– to analyse the normative and legal imperatives of global tax control and their impact on the internal procedures of corporate governance;

– to substantiate an adaptive model for aligning risk appetite strategies with mechanisms of tax control and compliance;

– to develop a set of applied recommendations for the implementation of the proposed model into the practical activities of economic entities.

The methodological foundation of the research is composed of a systems approach to the analysis of economic phenomena, methods of economic and institutional comparative analysis, synthesis, scientific abstraction and forecasting. The combination of these methods has ensured the depth of theoretical generalisations and the formulation of effective applied solutions.

The logic of the material presentation is built sequentially, starting from the conceptualisation of the problem, through to the clarification of the categorical apparatus and an analytical overview of scholarly approaches towards the design of mechanisms for tax risk management. It then demonstrates their practical implementation within the enterprise's accounting and analytical system.

2. Institutional and Regulatory Drivers of the Transformation of Tax Risk Management in the Context of Global Information Control

The contemporary operational environment of enterprises is characterised by profound institutional shifts. These are the result of the globalisation of financial flows, the implementation of international tax standards, and the transition towards electronic tax administration. Consequently, conventional mechanisms of tax risk management are undergoing substantial transformation. The intensification of tax control has been accompanied by the expansion of infrastructure for the automatic exchange of information between tax authorities across jurisdictions (e.g., CRS, FATCA, the BEPS Action Plan, and the EU DAC initiatives). This has fundamentally altered both the opportunities and the risks faced by businesses.

Institutional and regulatory drivers, such as legislative revisions, the extension of supervisory

authorities' powers, the digitalisation of reporting and growing transparency demands, are emerging as exogenous determinants in the formation of a new tax risk governance paradigm (Tytenko & Bohdan, 2019). A comprehensive understanding of these factors is essential for developing an effective accounting and analytical support system, as well as for adapting corporate strategies in a timely manner.

These institutional and regulatory changes did not occur in isolation, but are the result of deeper shifts in the global tax system. The gradual strengthening of oversight of financial flows, and the increasing demand for transparency in corporate activity, are rooted in specific legal and regulatory instruments that have redefined the relationship between business and the state. These instruments, which are embedded in international initiatives and standards, have become catalysts for the development of global information control systems. Their introduction and phased implementation into national legal frameworks have had two principal consequences. Firstly, they have increased the complexity of tax reporting procedures. Secondly, they have altered the methodologies for assessing tax risks at the corporate level.

In order to comprehend the logic underpinning these processes and the mechanisms through which they exert influence, it is essential to examine the key legal and regulatory benchmarks that enshrine the new requirements for data exchange and establish the framework for global tax control. This ranges from the concepts and recommendations of the BEPS Action Plan to the instruments of automatic tax information exchange. These elements constitute the methodological foundation upon which the effective functioning of modern tax risk management is predicated.

The present architecture of tax control has been shaped by long-term global processes, during which the international community has, over the past two decades, gradually developed a toolkit to counteract aggressive tax planning, tax evasion, and base erosion. A central motivation for these processes has been the OECD's Base Erosion and Profit Shifting (BEPS) project, the recommendations of which were formulated between 2013 and 2015. The BEPS Action Plan delineates fifteen key directives for the reform of tax systems, including the introduction of controlled foreign company (CFC) rules, the tightening of transfer pricing requirements, the implementation of Country-by-Country Reporting (CbCR), and the revision of bilateral tax treaties to prevent double taxation (Kraievskyi & Muravskyi, 2023).

The BEPS Action Plan has had a profound impact on national tax systems worldwide, with its provisions serving as a foundational framework for the reform of tax legislation in over 135 jurisdictions, including Ukraine. Ukraine has implemented several amendments to its Tax Code as a participant in the BEPS Initiative. It is noteworthy that domestic legal norms now mandate the preparation of transfer pricing documentation, have expanded the scope of information to be disclosed by multinational enterprise groups, and have strengthened mechanisms of financial monitoring.

A fundamental element of the contemporary global control system is the establishment of infrastructure for the automated exchange of tax information. Since 2017, the Common Reporting Standard (CRS), developed by the OECD, has been in force. Financial institutions are obliged to report annually on non-resident accounts to their national tax authorities, who subsequently transmit this information to the jurisdictions in which the account holders are tax residents. This has had a profound impact on the landscape of tax evasion through offshore structures, as financial institutions such as banks have become key players in the fiscal monitoring process.

Another significant step in this direction was the introduction of the U.S. Foreign Account Tax Compliance Act (FATCA), which requires financial institutions worldwide to disclose information about accounts held by U.S. citizens. Many countries have adapted their national reporting procedures in response to FATCA, later aligning them with CRS standards. This has led to the emergence of unified forms of data exchange (Kraievskyi & Muravskyi, 2024).

Within the European Union, the Directive on Administrative Co-operation (DAC) plays a pivotal role. Each successive iteration of the DAC (DAC2, DAC3, DAC6) has expanded the range of information subject to exchange and further specified the obligations of taxpayers and intermediaries. DAC6 warrants close examination, as it stipulates the disclosure of specific cross-border arrangements that may signal aggressive tax planning. These innovations necessitate that enterprises not only document their financial operations in detail but also establish robust internal control procedures to mitigate the risk of penalties.

In this context, it is important to emphasise that the normative and legal drivers of global tax control extend beyond international frameworks. They are also embedded in national legislation and subordinate regulations, which provide more detailed requirements for accounting procedures and tax reporting. Many countries, for example, have mandated the submission of extended

tax-related data in the form of electronic files (SAF-T, or Standard Audit File for Tax), which enables tax authorities to conduct in-depth transactional analysis in near real time.

The systemic influence of regulatory initiatives has led to a new level of transparency in financial flows emerging. The traditional model, in which tax authorities conducted ex post audits, is being replaced by a system of continuous monitoring. In this system, tax risks are assessed before corporate reporting is submitted (Tuchak & Bohdan, 2019). This shift requires the adoption of new internal risk management strategies, the implementation of accounting and analytical services that can quickly aggregate and interpret data, and the development of a tax compliance culture that focuses on prevention rather than reaction.

Thus, the normative and legal catalysts of global tax control, from the concepts underlying BEPS to the instruments of CRS, FATCA and DAC, have shaped a new paradigm in tax administration. In this paradigm, tax risks are viewed as integral components of an interconnected informational ecosystem, rather than in isolation. Enterprises must adopt proactive risk management mechanisms that are aligned with international standards and capable of ensuring the resilience of business models in an era of unprecedented transparency and regulatory scrutiny.

3. Designing Adaptive Models for Integrating Tax Compliance into Corporate Risk Appetite Strategies

In the contemporary globalised economic environment, characterised by the digitalisation of tax administration, enterprises are confronted with an unprecedented volume of regulatory requirements that collectively shape a complex environment of tax-related risks. Traditional risk management approaches, such as fragmented internal control systems and periodic audit inspections, are increasingly inadequate for the evolving needs of business operations. They are unable to process large volumes of data in real time, detect anomalies promptly or ensure the required level of transparency in financial operations amid constantly shifting regulatory frameworks.

Against this backdrop, the development of robust architectures for accounting and analytical services is of particular importance, as these form the core of modern tax risk management mechanisms. Here, the term "architecture" encompasses an integrated system of processes, algorithms and interrelated components aimed at the continuous identification, evaluation, prediction and mitigation of tax risks, not merely a collection of technical platforms or informational modules. These services are embedded within corporate ERP systems and enhanced with analytical dashboards. They utilise machine learning to detect suspicious transactions, providing adaptive control over operations with tax implications.

Examining the architecture of accounting and analytical services is novel because these systems are viewed not as auxiliary technological tools, but as strategic assets of the enterprise. These systems underpin an organisation's compliance capabilities and substantially reduce the likelihood of financial losses arising from sanctions or reputational damage. In a regulatory landscape characterised by automatic information exchange and multifactor tax oversight, the effectiveness of tax risk management hinges on the depth and systemic coherence of accounting and analytical services throughout internal business processes.

Understanding the architecture of such services necessitates moving beyond conventional perceptions of accounting as merely a transactional function. Instead, the focus is on designing multi-level, integrated systems that can aggregate data from various sources, such as financial, operational and regulatory, and consolidate it into a unified informational environment for further analysis. These systems fulfil the functions of traditional accounting and power advanced analytical modules that use artificial intelligence and predictive analytics to forecast potential tax risks before they arise.

In this context, accounting and analytical services emerge as the “nervous system” of corporate tax policy. These services enable historical data to be transformed into predictive scenarios, risk maps to be constructed for transactions and automated alerts to be generated that draw attention to areas of heightened risk. This facilitates a shift from a reactive model, whereby companies respond to violations identified by regulators, to a proactive approach. Under this approach, risks are detected and contained at the moment of their emergence, or even earlier during the transaction's planning stage.

In light of the perpetual evolution of the regulatory environment, the architecture of such services must be designed with adaptability as a fundamental principle. The system should facilitate the expeditious updating of risk evaluation algorithms, the incorporation of novel data sources, and the scalable augmentation of control modules in conjunction with business growth. It can thus be posited that the architecture functions not solely as a technical platform, but also as a conceptual model of tax risk governance. This model ensures internal alignment between the enterprise's

strategic objectives and the demands of the external regulatory landscape.

The preceding analysis of accounting and analytical service architecture enables the identification of the internal mechanisms by which enterprises may proactively detect and localise tax risks. Nevertheless, the presence of technologically sophisticated systems in isolation does not ensure strategic congruence within the framework of corporate governance. In the contemporary context of tax control and global transparency, a shift to a qualitatively new level of organisational maturity is necessitated. This new level of maturity is characterised by the grounding of not just individual procedures, but the entire corporate risk policy, in the principles of tax compliance. Furthermore, decision-making processes are aligned with a clearly defined risk appetite profile.

In summary, a transition from the operational to the strategic dimension of tax risk management is required. It is imperative that each business initiative is assessed in terms of its potential tax consequences, and control systems must evolve from instruments of retrospective detection to tools for cultivating a corporate culture of proactive risk aversion. This necessitates the design of adaptive models that embed tax compliance principles into strategic decision-making processes, considering the ever-changing regulatory context and the enterprise's willingness to assume specific levels of tax-related risk.

In a globalised economy, the concept of risk appetite is increasingly transcending purely financial dimensions and is becoming a critical strategic marker across all areas of corporate activity, including the tax domain. The concept of risk appetite is defined as the level of uncertainty that a business is willing to accept in pursuit of its objectives. Consequently, it underpins the development of internal control systems, risk assessment procedures, and monitoring mechanisms. However, when it comes to tax risks, traditional approaches to determining risk appetite often fall short, as they fail to capture the complexity of tax legislation, the multi-tiered nature of international obligations and the ever-changing regulatory landscape.

In such circumstances, tax compliance becomes more than just a technical function confined to specific departments. Instead, it becomes a cross-functional corporate activity that influences strategic decisions regarding markets, products, supply chains, capital structure and partnership models. The development of adaptive models for the integration of compliance into risk appetite strategies necessitates the establishment of a comprehensive system of principles, algorithms and organisational procedures, with the objective of aligning acceptable levels of tax risk with day-to-day operational practices.

The defining feature of these models is their flexibility and adaptability. They cannot remain static because the tax environment is changing at a pace that often exceeds traditional strategic planning cycles. Modern corporate structures must be able to reassess their risk appetite promptly, incorporate emerging international regulatory initiatives and respond to signals from automated accounting and analytical systems while simultaneously maintaining their competitive viability (Kolisnyk & Hurina, 2024).

Consequently, the objective is not solely to implement a policy of "risk avoidance" but rather to devise a management model that enables a balanced reconciliation between the objective of minimising tax liabilities and the strict observance of compliance and ethical standards. This model functions as a "bridge" between tactical decisions in tax administration and the long-term strategic goals of the business.

The development of adaptive models for the integration of tax compliance into corporate risk appetite strategies necessitates a synthesis of concepts from strategic management, institutional economics and advanced tools of tax controlling. The objective is not the development of isolated procedures or regulatory documentation, but rather the establishment of a comprehensive mechanism that guarantees a perpetual connection between the external regulatory environment and the organisation's internal decision-making processes.

1. Establishing a Normatively Defined Architecture of Tax Compliance. The first step is to analyse and incorporate the international and domestic requirements that define the mandatory elements of tax control. This involves adapting OECD recommendations, particularly those relating to BEPS, CRS and FATCA, and implementing industry-specific standards and the corporation's internal policies. At this stage, it is essential to compile a register of obligatory tax compliance procedures, assess their importance to business operations and document them in internal normative procedures.

Another important task is to develop a risk matrix that links tax obligations to core business processes. In the field of transfer pricing, for instance, a separate cluster of risks is associated with intra-group transactions. In the agricultural and manufacturing sectors, meanwhile, the relevant risks relate to inventory accounting, excise payments and environmental levies.

2. Integrating Compliance into Strategic Planning and Risk Appetite Management. The second phase involves transitioning from regulatory alignment to embedding tax compliance within the enterprise risk management (ERM) system of the corporate enterprise. The COSO ERM methodology is the best way to guide this process, as it encompasses risk identification, articulating risk appetite, communicating it internally, and integrating it into strategic and operational decisions.

Within this framework, modelling the tax consequences of various business scenarios becomes a key tool. For instance, when considering market entry or launching a new product line, the approval process should incorporate a tax risk assessment, considering which jurisdictions are involved, what reporting obligations exist and what transfer pricing adjustments may be required. Consequently, tax compliance evolves from being an auxiliary function of the finance department to becoming a central component of strategic dialogue.

One pivotal consideration is how to define an acceptable level of tax risk. Some companies adhere to a conservative approach, pursuing overcompliance in order to eliminate risk entirely, while others are prepared to tolerate a moderate degree of risk in order to optimise their tax positions within legal boundaries. In an adaptive model, however, this risk tolerance is not fixed; it is subject to review in response to changes in the regulatory environment or the business's strategic direction.

3. Adaptiveness and Technological Enablement of the Model. Adaptiveness implies the capacity to swiftly modify internal procedures, algorithms and system parameters in response to new regulatory requirements or organisational restructuring. This requires a robust technological foundation comprising integrated accounting and analytical platforms that can collect, process and analyse vast datasets, as well as dashboard systems that can visualise key tax risk indicators (KRIs).

Modern tools, such as AI-powered modules embedded in ERP systems, can automatically monitor transactions with a high probability of tax exposure. They can also compare these transactions to historical patterns and generate early warnings. A vital component of this model is the feedback loop, whereby tax risk analysis results are continually reinjected into the strategic planning cycle to inform revisions to the company's risk appetite and compliance policies.

4. Organisational and Cultural Dimensions. It is imperative to acknowledge that no model can function effectively in the absence of an organisational culture that is conducive to its operation. The integration of an adaptive model of tax compliance necessitates the training of staff, the establishment of clearly defined roles and responsibilities, and the implementation of incentive systems that promote adherence to compliance principles at all levels of the organisation. The tax controlling unit must operate not solely as a monitoring body, but also as a consultative service that helps business units understand and forecast the tax implications of their decisions.

The design of adaptive models for integrating tax compliance is a multi-layered process encompassing:

– the development of a regulatory framework and a risk matrix;

– the integration of compliance into strategic planning and risk appetite formulation;

– technological automation and continuous feedback mechanisms;

– the formation of an organisational culture of tax accountability.

This approach has the potential to transform tax risk management from a reactive function into a proactive system of governance. Such a system would be capable of ensuring compliance with stringent regulatory demands whilst also preserving the enterprise's competitive advantages.

4. Conclusions

The evolution of contemporary tax risk management systems clearly demonstrates that reliance solely on traditional control mechanisms or formal compliance with legislative requirements is no longer sufficient. The conducted analysis indicates that the effectiveness of tax risk management is determined by the depth to which an enterprise integrates the principles of tax compliance into its strategic development model, as well as its technological readiness to operate within an environment of global informational oversight.

A critical success factor is the architecture of accounting and analytical services, which enables the formation of a unified informational space, facilitates real-time tracking of key risk indicators, and ensures dynamic feedback between operational processes and strategic decision-making. This architecture has evolved from a mere auxiliary component of accounting departments to a potent instrument in the arsenal of managerial decision-making.

At the same time, the findings confirm that, without a fundamental reassessment of the logic underpinning corporate risk appetite formation,

even the most advanced technical solutions will prove ineffective. Companies that adopt a passive, reactive approach, attempting to "extinguish" tax issues after the event, tend to accumulate regulatory exposure and financial losses. By contrast, those who design adaptive models for integrating tax compliance and construct their internal procedures with international initiatives in mind (e.g., BEPS, CRS, FATCA and DAC) significantly reduce uncertainty within their financial flows by fostering a corporate culture grounded in transparency and predictability.

The findings of this study serve to reinforce the prevailing perspective that the management of tax risk has evolved into a fundamental component of systemic corporate governance, transcending the confines of a mere accounting support function. In order to achieve this, a synergistic blend of regulatory analysis, technological integration and strategic foresight is required. This multifaceted strategy not only mitigates tax-related risks but also ensures the long-term resilience of the enterprise in an era characterised by unprecedented informational transparency and continuous regulatory evolution.

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