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doc. Ing. Roman Zámečník, Ph.D.
AKADEMIE STING v Brně, Katedra ekonomiky a řízení

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MAIN DIRECTIONS OF TRANSFORMATION OF THE TAX CONSULTING SYSTEM IN UKRAINE BASED ON THE EU EXPERIENCE

Iryna Prokopenko, Olha Ivanyshyna

Abstract: *In the article the authors consider the European experience of tax consulting. A comparative analysis of tax consulting in countries with a system of "state regulation" and a system of "self-regulation". Based on the results of the study, the authors conclude that tax consulting in Ukraine is at an early stage of development, the legal basis exists only for tax advice provided by the state tax service. The market of independent tax consulting in Ukraine has the number of unresolved issues regarding the further development of the institute of tax consulting in Ukraine. From this point of view, the need to reform domestic tax consulting is justified. Based on the generalized European experience in the regulation of tax consulting, the authors outline the key areas for the development of tax consulting in Ukraine.*

Keywords: *tax consulting, tax culture, tax consultants, taxes, European Confederation of Tax Consultants, Union of Tax Consultants of Ukraine.*

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1 INTRODUCTION

The practice of EU countries indicates that tax policy and, accordingly, tax systems in these countries are aimed at creating an atmosphere of trust in tax relations between taxpayers and the authorities, as well as to increase the level of tax culture of individuals and businesses. Given that the interests of taxpayers and the state to pay taxes are different: taxpayers are trying to optimize their performance and reduce tax payments, and the state needs to increase tax revenues to perform its functions - it is important to conduct a permanent consultation and explanatory work.

The creation of an atmosphere of dialogue and mutual understanding between taxpayers and the authorities is carried out in European countries through the provision of information and advisory services both by tax authorities and through tax advisory institutions.

In Ukraine, tax consultations are currently provided by the tax service, whose image in society is low. At the same time, tax consulting as an independent type of independent consulting activity is not regulated at the legislative level. Tax legislation in Ukraine is quite complex and changes frequently, and tax literacy and tax culture in society is quite low. This situation does not contribute to the fulfillment of tax obligations by taxpayers and, accordingly, the state does not receive tax revenues to the budget in full.

Ukraine has defined its integration vector of movement to the EU, which is why it is important to study the successful experience of EU countries in providing tax advisory services as a way to improve tax culture.

The issue of providing tax advisory services has been studied by such scientists. as: Busse R., Chernik D. Balakin V. Bashkirova N, Bezpalko I., Jackson J., Yelmashev O., Grainer L., Krasyuk R., Metzger R., Posadsky A., Savruk A., Sugrobova E. Kirina L.,, Tkachyk F. Hainish S. and others

However, tax advice to taxpayers in terms of improving the level of tax culture still remains in the field of view of scholars, practitioners and government officials.

The aim of the article is to analyze the development of tax consulting in the EU, clarify its role and importance in building an atmosphere of trust in tax relations and raising the level of tax culture and on this basis to identify prospects for tax consulting in Ukraine.

2 MAIN BODY OF TEXT

Currently, the profession of tax consultant is actively conquering the labor market in most European countries. Tax consultants are a kind of moderator of the dialogue between tax authorities and taxpayers within the rights and obligations provided by the state. For tax authorities, tax advisors are advisory partners, as they work within the current legislation and do not support the actions of taxpayers to evade taxes and fees. The role and importance of tax advice is quite significant, because:

- first, the tax consultant specifically monitors all changes to current tax and other legislation, as well as the practice of resolving tax disputes;

- systematizes and adapts all changes in tax legislation to the specifics of a particular client-taxpayer;
- third, the consultant can offer the taxpayer client his knowledge and experience in resolving a range of issues in the field of taxation.

It should be noted that in every European country develops its own history and traditions of this profession. In 1959, the European Confederation of Tax Advisers (CFE) was established in France as the sole coordinating organization and its charter was approved, which was finally revised by the General Assembly of the Association on September 24, 2010.Today, the Association consists of 33 national organizations from 26 European countries, uniting more than 200,000 specialists - tax consultants (advisors). Today, the CFE has the status of the largest representative organization of tax advisors in Europe. The members of the Confederation are professional organizations established in European member states, whose members consist mainly of independent tax advisers [7].

The Association's mission is to protect the professional interests of tax advisers, ensure the high quality of their advice and recommendations, and exchange information on national tax laws to facilitate the coordination of tax law in Europe [7].

The Confederation promotes the free profession of tax adviser in Europe, ensuring its full recognition at both the governmental and community levels. The European Confederation of Tax Advisers defines tax advisory as a process that includes the preparation and submission of taxpayer tax returns, the development of tax planning advice and recommendations, the representation and protection of client interests in supervisory and judicial relations, and providing other advice related to taxation [7].

Comparing the systems of legal regulation and organization of tax advice in different European countries, we should distinguish two significantly different systems of regulation of legal relations. System « state regulation "means that in this country there is a special law on tax advice and there is a professional association created and operates on a basis of this law, supporting its implementation and monitoring its implementation. In countries with a clear system of "self-regulation" there is no special law governing the activities of a tax consultant [2].

Table 1 shows the features of tax advice in countries where the institution of tax advice is regulated by the state (Germany) and in countries with a system of "self-regulation of tax consultants" (UK and Ukraine).

Table 2: Analysis of the practice of tax consulting in countries with a system of "state regulation" and a system of "self-regulation"

Comparison criterion	Country		
	Germany	Great Britain	Ukraine
Regulatory framework	Law on consulting services in the field of taxation	There is no law on tax advice	There is no law on tax advice
The procedure for the applicant's access to tax consulting services	The qualifying exam consists of oral and written parts. The chairman of the examination commission is the head of the state land tax service. It includes representatives of the Chamber of Tax Advisers, specialists of tax services	Tax advice can be provided by lawyers, accountants and tax advisors. And each of these categories has its own requirements	Tax advice is provided by a wide range of specialists: auditors, lawyers, attorneys
The level of qualification of the candidate	1.Higher education (economic or legal) with at least two years of experience in the tax field. 2. Studying at the university lasting at least eight semesters with at least three years of experience in the field of taxation 3. Higher education in the field of commerce, work experience in the field of taxation for at least 10 years. High professional level (may be an accountant who celebrated the exam), experience of practical work related to taxes, at least 7 years. 5. Employees of financial (tax) bodies with at least 7 years of experience	1. Bachelor's degree, specialized courses that teach the basics of the profession and deepen knowledge, then for one year for barristers and two years for solicitors to work as an intern under the guidance of more experienced lawyers in tax law. 2. In order to be entitled to be called a "certified tax Consultant" it is necessary to pass complex examinations and have at least three years of practical experience in the field of taxation.	1. Higher economic and / or legal education. (may be with a bachelor's degree) 2. Experience in economics and / or law less than 3 years.
Rights and responsibilities of a tax consultant	1. Carry out activities only on a basis of the executed contract 2. Protection of interests of the client 3. Observance of ethical norms 4. Confidentiality of activity	1. Observance of interests and rights of the client on a basis of the executed contract 2. Protection of a professional secret. 3. Observance of ethical norms.	Compliance with the tax legislation of Ukraine. 2. When providing Professional Services, be guided by the interests of the client. 3. 3. Provide and be responsible for maintaining confidential information by their assistants and staff of the firm who have access to it.

Comparison criterion	Country		
	Germany	Great Britain	Ukraine
Responsibility of tax consultants	1. Warning 2. Reprimand 3. A fine of up to € 50,000 4. Termination of a tax consultant's license 5 Criminal liability 6 Property liability	Property liability of the consultant for professional error.	1. A client who has suffered damage may apply to the court to establish the liability of the tax consultant. 2. Compensation for moral or material damage in case of detection and confirmation of violations.
Standards for professional insurance	Existence of a contract of compulsory insurance for a minimum amount of 250,000 euros	Existence of the insurance contract before the client. (however, it is not a mandatory activity condition)	There are no requirements for compulsory civil liability insurance.
Professional associations of consultants	Federal Chamber of Tax Advisers of Germany	Centralized body of barristers, soloists and tax consultants	Union of Tax Advisers, Chamber of Tax Advisers, Association of Tax Advisers

Source: compiled by the authors on a basis of data from the Federal Chamber of Tax Advisers of Germany, the Centralized Body of Barristers, Soloists and Tax Advisers of Great Britain, the Chamber of Tax Advisers of Ukraine

In Ukraine, the provision of tax consulting services is also one of the promising areas. Tax advice at the legislative level is defined in the TCU, but it focuses only on regulatory principles and narrows the range of tax advisors, while in tax practice there are often circumstances that require not a general but a situational approach and appeal to other professionals who are not.

However, there are the number of problems in the field of tax consulting services in Ukraine. First of all, it is the absence of a special law that would regulate tax consulting at the legislative level. Despite the lack of a special law, tax advisory services are still provided in Ukraine. Legal and natural persons in Ukraine do not need to have a professional education and a special license to conduct consulting activities. An important step in regulating tax consulting in Ukraine was the establishment in 2001 of the Union of Tax Consultants of Ukraine. However, professional associations of consultants do not have sufficient influence in all areas where such services are provided. There are also not enough sources from which taxpayers could learn about the reliability and professionalism of a consultant or consulting company.

Usually in Ukraine, tax consulting services are used mainly by large enterprises as small and medium-sized businesses do not have enough funds to pay for

such services. The domestic market of tax consulting services is quite young in comparison with foreign countries, where tax consulting began to develop in the 50s of the last century. in the provision of tax advice by independent experts emerged in the 90s of last century. However, unlike us, in most countries of the Eastern European region, tax consulting as an independent type of business is successfully functioning and developing. The states actively participate in the regulation of the tax advisory process and make high demands on the participants of the tax advisory services market. Poland, the Republic of Bulgaria, Romania, which are members of the EU.

The market for tax advice in the countries of the Eastern European region began to develop in the 90s of the XIX century [1]. Tax consulting in terms of individual countries in the Eastern European region has its own history of formation and various forms of its manifestation.

Thus, in Hungary in 1990 the National Association of Tax Consultants and Accounting Services of Hungary was founded (Magyar Adótanácsadók és Könyvviteli Szolgáltatók Országos Egyesületé (Adótanácsadók Egyesületébe), which has been accredited by the Ministry of National Economy since 2013 and has become one of the largest voluntary forums in the country with 1,200 accountants. [9] experts for small and micro enterprises, as well as individual entrepreneurs.

The situation with tax consulting in Romania is somewhat different. A special law on the provision of tax advice was adopted in 1992. The Chamber of Tax Advisers "Camera Consultanilor Fiscali" was established in the country in 2001 as a professional public organization, a non-profit legal entity and, accordingly, the most actively developing tax consulting [10].

The Slovak Chamber of Tax Advisers (Slovenská komora daňových poradcov, SKDP) was established in 1992 under the Tax Advisory Act № 78/1992. And in 1992 the first 88 tax consultants in the Slovak Republic began to operate. Several new members join the SKDP every year. Only a certified lawyer or economist can become a tax consultant in the Slovak Republic.

The condition for membership is 5 years of professional experience and passing a difficult exam.

In the Czech Republic, the development of tax advice also began in 1992, with the adoption of the relevant law governing the provision of tax advice. On the basis of the Tax Advisory Act, a professional association has also been established in the Czech Republic, which unites all tax advisors on a mandatory basis. It is called the "Chamber of Tax Advisers of the Czech Republic" (Komora daňových poradců České republiky) [3].

In Poland, on the other hand, such a special law came into force in 1997, and since then tax advice has begun to develop in the country. In 1997, the Central Chamber of Tax Consultants (Krajowa Izba Doradców Podatkowych KIDP) was also established [4].

The essence of tax consulting in the Czech Republic, the Slovak Republic and the Republic of Poland is defined in the same way. It consists in providing clients with services in the field of taxation in the form of appropriate advice. In addition, if desired, tax consulting services may include the performance of other work that contributes to this type of work, for example, accounting and tax documentation, preparation of the necessary declarations and reports. It may also include the provision of consulting services on various business matters not directly related to taxation. However, Associations of Tax Advisers have been established in this country. Thus, in Bulgaria, the Chamber of Tax Advisers (Камара на Данъчните Съветници в България) interacts with the Bulgarian Tax Administration and the Tax Policy Department [5].

European experience in the formation and development of tax consulting in the Eastern European region indicates that tax consulting dates back to the 90s of the last century and now this profession is in demand and actively developing, as indicated by the functioning in these countries Associations that are members of the European Confederation of Tax Advisers. The profession of tax consultant continues to conquer the labor market in the studied countries and shows that our country has room to strive and grow.

The activities of professional associations of tax consultants are usually regulated by:

- Law on Tax Consulting;
- Statute of the Chamber of Tax Consultants;
- Regulations on Professional Ethics of Tax Consultants;
- Decisions of the governing bodies of the Chamber of Tax Advisers.

Every country in the Eastern European region has a Code of Ethics for Tax Advisers. It is mandatory to pass a professional test, usually in the form of an exam.

The rights and responsibilities of a tax consultant in the countries of the Eastern European region derive either from the Law on Tax Consulting or the Regulations on Professional Ethics.

The activities of a tax consultant are associated with risks, which include:

- the risk of making incorrect recommendations to taxpayers; - the risk of shifting liability for damages incurred by the client - the taxpayer, due to illiterate recommendations provided by the tax consultant,
- the risk of dissemination of trade secrets of the client; - the human factor.

In order to prevent risks in advance, a tax advisor must learn to manage these risks.

It should be noted that the institute of tax advice in European countries primarily aims to taxpayers to perform their tax duties in good faith and, as a consequence, receiving from the state quality public goods in the interpretation of the reward for such a conscientious duty.

3 RESULTS

Thus, tax consulting in the EU is an independent element of tax relations, which implements a set of analytical methods to develop recommendations for the application of tax legislation, harmonizing the interests of the state and taxpayers and thus improving the level of tax culture in society and creating positive image of the tax service.

4 DISCUSSION AND CONCLUSION

The priority task of modern tax policy of Ukraine is to bring the taxation system to European quality standards and eliminate administrative barriers and create comfortable conditions for taxpayers to meet their tax obligations. The institute of tax consulting, which is in the process of its formation, has significant opportunities in solving this problem. We need to give them autonomy and create a single organization that would unite all existing public organizations in this area.

We also need to adopt a special law on tax advice. It can also be an alternative option to include in a separate section of the Tax Code issues governing the activities of a tax consultant, which should determine: the conditions and procedure for admission to the profession of tax consultant; introduction of compulsory liability insurance for consultants; the level of his qualifications and personal qualities and the need to pass the exam and other necessary issues that are already settled in European countries, where independent tax consultants work successfully.

All this will contribute to the creation of an atmosphere of dialogue and mutual understanding between taxpayers and the authorities and the development of tax culture and thus the economic growth of the country as a whole.

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AUTHOR

Assoc. Prof. Olha Ivanyshyna, Ph.D., Department of tax policy, UNIVERSITY OF STATE FISCAL SERVICE OF UKRAINE, Universytetska St., 31, Irpin, Kyiv Region, Ukraine, 08201, e-mail: oldiru@ukr.net.

Assoc. Prof. Iryna. Prokopenko, Ph.D., Department of tax policy, UNIVERSITY OF STATE FISCAL SERVICE OF UKRAINE, Universytetska St., 31, Irpin, Kyiv Region, Ukraine, 08201, e-mail: gavrusha_ia@ukr.net.