

JEL Classification: G 28, H3

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INSTITUTIONAL MECHANISM FOR TAX POLICY FORMATION AND IMPLEMENTATION: THEORETICAL DISCOURSE

Received 21 June 2020; accepted 23 June 2020; published 25 June 2020

Abstract. *The essence of the concept of a mechanism in economic science is defined in the article. The role of mechanisms in the development of the national economy and the specifics of the institutional mechanism for the tax policy formation and implementation are highlighted. The main elements of the institutional mechanism for the tax policy formation and implementation are characterized - the goal, principles, object, subjects and regulatory institutions, tools, and results of actions.*

Keywords: *national economy, tax policy, public administration, institutional mechanism tools, taxation system principles.*

Reference to this paper should be made as follows: Chynchyk, A.; Ivanyshyna, G. (2020). Institutional mechanism for tax policy formation and implementation: theoretical discourse. *Economics and Finance*, Volume 8, Issue 2, 25-32.

Introduction

The taxation system, as well as the targeted policy of the state, is one of the main elements of economic regulation. Research in this area is a topical subject and interdisciplinary in nature. The economic and management sections of research are particularly relevant, which allow combining the principles of construction, implementation, and priorities for improving the mechanism, based on the goals of the economic development of the state with appropriate political support.

Revealing the content, functions, and tasks of the mechanism is a necessary direction of research in relation to any object. The type diversity of the mechanism and different approaches to understanding its content differentiate the research subjects. In this case, the focus is reduced to the institutional mechanism, which reveals the consistency of the aim, goals, objective, principles, and tools of tax policy aimed at specific results.

Literature Review

The relevance of this work is confirmed by the insufficient background of the indicated problem. The theoretical basis of this study was formed by the developments of scientists in two main scientific areas - state regulation of the economy and taxation.

A great contribution to the development of theoretical, organizational, and methodological issues of state regulation, in particular, the institutional mechanism

for the formation and implementation of tax policy, was made by such scientists as T. Volkovets [6], Y. Dreval [1], V. Elagin [5], G. Kuspliak [4], L. Prikhodchenko [2, 3].

The goal of the work is to generalize theoretical discussions regarding the content and types of mechanisms in theories of public administration and economic theory, as well as to determine the specifics of the institutional mechanism for the formation and implementation of tax policy.

Results

The mechanism by its content can be considered by activity, process, structural, and systemic approaches. The activity approach allows to consider the mechanism from the point of view of its influence on the selected objects. The process approach involves considering the mechanism as a process - achieving goals as a result of action (influence). The structural approach focuses on the storage of the mechanism. The systematic approach actualizes the advantages of considering it as a system with a combination of the above approaches with a consolidated focus on achieving specific goals. A systematic approach to understanding the mechanism in management activity is based on the dialectical unity of management as a complex system and the impossibility of rigid isolation of mechanisms from management as a whole (after all, the latter is immanently inherent in the so-called "activity" or functional aspect, which is noted not by static but by dynamic characteristics) [1, p. 62].

Another debating point is the type diversity of mechanisms. In the theory of public administration with adaptation to economic discussions, the "mechanism" is most often considered by these types and their combination - political, regulatory, economic (budgetary, currency, financial, tax, investment, etc), social, and informational.

In economics, understandings of the mechanism in market, economic, developmental (for example, the mechanism of sustainable development, innovative development, etc.), and motivational perspectives are common. Subtypes of the economic mechanism are also relevant, which are considered in the theory of public administration.

Comparing the main types of mechanisms in scientific research of economics and public administration, it is necessary to single out the interdisciplinary perspective, which indicates the types of mechanisms that are relevant for all social and humanitarian areas of knowledge and managerial practice. Among them, the institutional mechanism is highlighted, which, unlike others, is a highly complex management category (more complex than the institutional level), which requires more detailed study.

In the scientific literature, there is often an uncertainty between the understanding of "organizational", "institutionary", and "institutional" mechanisms. To substantiate the content of the institutional mechanism for the formation and implementation of tax policy, it is necessary to clarify the fundamental difference between these categories.

The organizational mechanism in management theory is determined by functional relationships, the rights of subjects and objects of management, their obligations, responsibility for making unlawful decisions, and their respective competencies [2, p. 109]. By its content, the organizational mechanism focuses on the interaction and the hierarchies of methods, tools, and leverage, which are aimed at achieving specific goals and cause responsibility for the result.

However, in the sense of the institutional and institutional mechanism, the systematic approach is different.

The institutional mechanism in public administration is a set of interactions between formal and informal institutions in order to achieve a common strategic goal [3, p. 10, 4, p. 72].

The term "institutional" has distinguished itself thanks to the development of the theory of institutionalism, which claims that the historical situation creates a socio-economic environment and determines the behavior of economic agents, which, interacting with each other, create institutions [5, p. 99]. This statement reveals a specific difference between the "institutional" approach and the institutional approach - environmental determinations can be explicit and hidden, formal, and informal. Therefore, in the institutional mechanism, the activities of institutions are complemented by the actions of various norms, rules, and customs.

As for the institutional mechanism for the formation and implementation of tax policy, when formulating its essence, one should take into account:

- the substantive specifics of the institutional mechanism in general;
- content, functions, and tasks of the tax mechanism within the framework of the mechanism implementation in management activities and economic processes.

In the work of T. Volkovets, the detailed analysis of various approaches to the understanding of the tax mechanism by Ukrainian scientists is carried out. This allowed the author to generalize that: the tax mechanism consists, first of all, of leverages, tools, and methods; with the help of the tax mechanism, the regulation of relations arising in the process of taxation is carried out in order to harmonize the interests of their participants; the tax mechanism is a means of implementing the state tax policy and managing the tax system [6, p. 329].

Understanding the importance of the tax policy, its high socio-economic, security, and partly state-making significance, the topicalities of the action of its institutional mechanism are determined. The term "topicality" itself indicates current phenomena or processes (factors, trends) that determine the primary need for the state's administrative influence in the relevant area. Therefore, the topicalities of the institutional mechanism of tax policy indicate how, first of all, the tax instruments should be used in the context of ensuring the necessary transformational changes.

There is also an inverse effect of the economy on tax policy. In the case of successful transformational changes, economic development is ensured, which is accompanied by the development of the business environment, and, consequently, an increase in the solvency of its subjects.

The features of the institutional mechanism of tax policy in the context of the transformation of the national economy, which are relevant for the state in the

competitive environment of the information society, including for Ukraine (Table 1), are considered.

Table 1. Institutional mechanism of tax policy in the context of the transformation of the national economy

No.	Direction of transformation of the national economy	Topicalities of the institutional mechanism of tax policy
1	Sustainability of the national economy	Operation of the simple and economically fair tax system Stability of tax legislation
2	Leading importance of small and medium business	Compliance with the principles of transparency in tax administration Ensuring transparency of tax audits, the inadmissibility of pressure from tax regulatory authorities to ensure the norms of budget revenues Substantiation of the tax burden
3	Unshadowing of the wage system	Scheduled tax audits of business entities with a predominance of warnings instead of excessive pressure and increasing the tax burdens on wage funds
4	Financial support for the development of regions and communities	Decentralization in the tax system in the context of ensuring capable regional and local budgets with the possibility of local solving problems of the socio-economic nature
5	Innovative development of the business environment	Ensuring the uniformity of the tax burden, which serves the formation of competitive market relations between business entities Tax incentives for innovative business activities in the context of developments and implementations based on reasonable conditions for the transition to a simplified taxation system for innovatively active business entities Tax incentives for business innovation in limited spatial coordinates (special economic zones, technology policies, technology parks, etc)
6	Innovative development of the economy with the transition to the next technological way	Tax incentives for the economy sectors that represent the target technological order Tax incentives for the implementation of the national technological development project for a certain period of time

The sustainability of the development of the national economy is determined by the first topicality. The term of sustainability will reveal the regular and predictable processes of improvement of changes, which allows to provide the development of strategic planning, implementation of long-term and capital-intensive investments. On the one hand, the consistency conflicts with dynamic progressive change. On the other hand, in conditions of gaps in the level of development between different countries and spheres, the sustainability of economic development is the key to a more balanced justification of technological progress from the standpoint of influence on other spheres of society.

The sustainability of the development of the national economy requires the stability of the socio-economic and political situation in the state, and is one of the key threatening factors for Ukraine. During the activities of various power regimes of the independence period, each government declared the priorities of tax reform. In

the current Strategy "Ukraine-2020", within the framework of the development vector, the tax reform is defined, the purpose of which is to build a tax system, which is simple, economically fair, with minimal time spent on calculating and paying taxes, creates the necessary conditions for sustainable development of the national economy, provides sufficient enlargement of the State budget of Ukraine and local budgets [7].

The strategy also determines that the main direction of the tax reform is the transition from the supervisory and punitive function of the fiscal authorities to the service one, which helps in the calculation and payment of taxes [7]. This yields the following topicalities of the institutional mechanism of tax policy related to the development of the business environment, especially in the segment of small and medium-sized businesses. In this context, the tax policy should be implemented in compliance with the principles of transparency in tax administration, as well as justification of the tax burden. The tax burden is considered as an indicator, which indicates the effect of the impact of taxes or the effectiveness of the level of government intervention in the economy of the country and individual payers; this is a form of monopoly price of aggregate public goods, which expresses the measure of the cost (value) of public services in relation to the sources of tax payment [8, p. 116].

The content of the definition of the tax burden, which in a quantitative aspect is calculated in relation to GDP, consists of the evaluation criteria of the state's influence, namely, ensuring the innovative development of the business environment. It is about the ability of enterprises not only to implement but also to produce innovations that are competitive in the global market. The formation of the innovative economy and its transition to a higher stage of the technological order depend on this.

The tax policy in the context of stimulating the innovative development of the business environment is a sustainable concept for developed countries, which are often limited in natural resource opportunities but they successfully use tax tools for the development of knowledge-intensive industries. The state support for innovative development through tax tools corresponds to the Keynesian model, and the dominant feature of innovative changes is a challenge of our time. The introduction of a policy of tax incentives for innovative activities actually means the invention of ways and limits of balancing between public and private interests: the state, yielding to its current fiscal interest in tax incentives for innovation, has the right to count on satisfying other needs, such as investing the released resources in production, fundamental research, applied developments, reduction of the outflow from the country of intellectual potential carriers, and so on; the taxpayer in exchange for incurring significant financial costs with long-term payback has the right to count on reducing tax pressure, compliance with the guarantees of invariability of legislation in the long run, and so on [9, p.172; 10, p.71].

Stimulating the innovative development of the business environment should be based on ensuring the uniformity of the tax burden. Without a uniform tax burden, it is impossible to develop a competitive market without the practice of hidden monopoly. Innovation activity is an indicator of the level of development of the

business environment on a competitive basis. Otherwise, none of the tax benefits will give the expected effect but rather serve as a tool for their subjective use for a limited number of enterprises.

The topicality of the institutional mechanism of tax policy in the context of the transformation of the national economy can be detailed and specified. At the same time, they must combine the principles of stimulating territorial and subject development, based on balancing the interests of society, business, and the state. The tax policy is extremely flexible. On the one hand, this allows it to quickly adapt to new challenges, to serve as an effective direction of anti-crisis management. On the other hand, the frequency of changes in the tax system significantly complicates the possibilities of managing and even, as it is observed for the Ukrainian society, distorts the idea of payers about the level of the tax burden. Understanding the role of the institutional mechanism of tax policy in ensuring the transformation of the economy has to be regulated in the strategic planning documents of the government. The financial support for the development of regions and communities based on the decentralization of the tax system is recognized as one of the most effective topicalities for many developed societies. This topicality should remain decisive for Ukraine.

Conclusion

Taking into account the above, under the institutional mechanism for the formation and implementation of tax policy, it is advisable to understand the system of regulatory institutions, which has a direct impact on subjects in the field of taxation and is guided by the principles of organizing a market-regulatory environment – the taxation regime as formal institutions and tax culture and responsibility as informal institutions.

The operation of such a mechanism should ensure the continuous (reliable, uninterrupted, normal) functioning of the taxation system on the principles of:

- understandability - a principle that provides an opportunity to understand the processes that occur with the taxes paid. Transparency of their calculation, payment, and use. Easy to calculate, pay, and administer. Citizens should understand how to calculate, pay, and how the paid funds are used;

- relative justice - there cannot be an absolute one because justice itself is a subjective perception, however, the principle provides opportunities for citizens to feel like equal members of society;

- mandatory – a principle that ensures mandatory compliance with the requirements of the law by all citizens (business entities). The embodiment of this principle provides a synergistic effect of the structure of the taxation system based on the personal example of a citizen (business entities) in front of each other;

- control systems - a principle that ensures control over the uninterrupted and complete fulfillment of each link of the obligations that are imposed on both the citizen (business entities) and state institutions;

- the inevitability of punishment – a principle that ensures the inevitability of punishment for any subject who has committed a violation, regardless of the person

of the subject (institutional element of responsibility). This principle is a “marker” for citizens regarding the principles of fairness and obligation, and is also perceived by citizens as the effectiveness and efficiency of the control system.

The prospects for further research will be more detailed coverage of the regulatory tools of the institutional mechanism for the formation and implementation of tax policy, which is aimed at observing the specified principles of the tax system.

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