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TAX CONTROL IN THE SYSTEM OF TAXES ADMINISTRATION

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Abstract. The article deals with the features of tax control in the system of tax administration. The main stages and peculiarities of implementation of tax control are highlighted on each of them. The principles and functions of tax control which will ensure the efficiency and effectiveness of this process are determined. The main forms and peculiarities of tax control are described.

Keywords: tax control, checks, accounting of taxpayers, regulatory authorities, tax administration.

1. INTRODUCTION

Control is an important element in any management area. Tax control is an independent kind of state control focused on the implementation of the tax legislation by taxpayers, detecting, preventing and eliminating tax offenses.

As the part of the tax administration system the tax control has to perform the tasks of reducing tax debts of the taxpayers and to ensure its full and well-timed payments into budgets and state trust funds.

The questions related to the tax control held by the organization and its conducting are described in the works of home and foreign scientists, such as: O. D. Vasylyk, L. K. Voronov, M. M. Veselsk, L. O. Zazvonova, G. V. Pukhalska, T. V. Lytvynchuk, L. M. Kasianenko, M. P. Kucheryavenko, A. N. Kozyrina, A. I. Krysovatyj, A. Y. Kizymy, V. V. Karpova, O. P. Cherniavskyj, V. P. Khomutenko, V. V. Nemchenko and others. However constant changes in tax legislation require constant researches on the effectiveness of tax control.

2. RESULTS

Tax control which is the part of the system of tax administration and fees has to ensure the link between taxpayers and public administration authorities who has the rights in all questions of taxation. In the system of tax administration, fees and payments the tax control is proceeded in the process [1]:

- keeping accounting of taxpayers;
- keeping an operational accounting of taxes, fees and customers payments;
- administration of the system of acceptance and computer processing of tax reporting;
- determination of the tax and monetary obligations of taxpayers, fees and payments;

- inspections and checks in accordance to the requirements of the Tax Code as well as the checks in the compliance with the legislation, the control over all of it is entrusted to the controlling authorities;
- administration of the taxpayer's tax debt.

Tax control as an element of the system of the tax administration and fees provides not only the completeness of tax revenues to the budget and state trust funds, but also the responsibility of all the participants of the legal relationship for compliance with tax legislation

According to the Tax Code of Ukraine tax control is defined "as a system of actions taken by the controlling authorities in order to control the correctness of the charge, completeness and timeliness of payment of taxes and fees, as well as compliance with the legislation on the regulation of cash flow and cash operations, patenting, licensing and other legislations, the control of which is entrusted to the control authorities" [2].

Tax control is held by the supervisory authorities within their authority which are defined by the tax law.

Control authorities are the state fiscal authorities - the central executive body, which ensures the formation of a single tax state, state customs policy in the taxes administration and fees, customs payments and implements state tax, state customs policy, ensures the formation and implementation of a state policy on administering a single payment, ensures the formation and implementation of state policy in the combating offenses in the tax and customs legislation as well as the law surrenders for single payment, and its territorial bodies [2].

General and specific principles of control activity form the basis for the organisation of tax control in Ukraine. The general principles are: implementation, competence, professionalism, determination of the subject of control, coordination and interaction of control bodies, as well as completeness [3].

The following are specific principles of the organisation of tax control: compliance with the procedural form, presumption of innocence of taxpayers, presumption of the rights of taxpayers, compliance with tax secrecy, ensuring the optimal combination of fiscal and regulatory direction of tax control (the principle of preventing damage to taxpayers). Compliance with these principles of tax control ensures its efficiency and effectiveness [3].

In addition, tax control has the following functions [4]:

- accounting function - providing accounting of taxpayers, subjects of taxations, proper payments to budgets and state funds;
- preventive function - termination and prevention of offenses in the tax sphere;
- informational function, tax control serves as a source of information for making managerial decisions;
- the control function of the tax control results may increase the amount of revenues to budgets and state funds.

Tax control is realised in stages.

At the first stage of the control planning, some inspections should be done in accordance with the tasks of control to detect tax offenses in the activities of the organisation.

The second stage involves preparing for effective control measures through analysis to identify tax risks in the activities of the taxpayers.

The next stage is related to the control and verification of the performance indicators of the business.

At the final stage based on the results of the control an act of verification is created. In this act the offenses are displayed if they are detected, or they make a special certificate instead of its absence.

Tax control is realised by:

- keeping records on taxpayers;
- information and analytical support of the activity of controlling organisations;
- inspections [5].

The tax accountancy is the tax policy defined by the tax authorities regarding the registration, re-registration and withdrawal of persons for tax accountancy purposes, as well as the activities of tax authorities for the conduct of the Unified State Register of Taxpayers.

Accounting of the taxpayers is realised in order to create conditions for the control authorities to monitor the accuracy of accrual, timeliness and completeness of taxes, accrued financial sanctions, compliance with tax and other legislation, the control of which is entrusted to the control authorities.

Information and analytical support for the activities of the controlling bodies is a set of measures coordinated by the central executive body, which ensures the formation and implementation of the state financial policy regarding the collection, processing and use of information which is necessary for the performance of functions entrusted to the control authorities [2].

For informational and analytical support of the activities of the controlling body information is used:

- from taxpayers and tax agents;
- from bodies of executive power, bodies of local self-government;
- from banks and other financial institutions - information about the presence and movement of funds on accounts of the taxpayer;
- from authorities of other states, international organisations or non-residents;
- the consequences of tax control;
- published in accordance with the law [6].

The main form of tax control in Ukraine are checks. This form of control is the most effective in terms of detecting and recovering arrears, providing tax revenues to the budgets.

Within regards to the tax check, one must understand the right of the tax authorities to verify compliance with tax legislation by comparing taxpayer's reporting data with the actual state of his financial activity in order to establish the correctness of the calculation and timely payment of taxes and fees, the determination of the tax liability, the identification of facts indicating the commission offenses in the field of tax relations.

The controlling bodies have the right to have the following types of tax inspections: footage-based; documentary (scheduled or unscheduled, outgoing or non-existent); actual checks.

A footage-based check is a check realised in the building of the controlling authority just on the basis of data which is in tax declarations (calculations) of the taxpayer and data of the system of electronic administration [2].

The purpose of the check is to show:

- presence of required payment documents;
- making tax declarations and settlements;
- accounting of total amounts of tax liabilities payable to the corresponding budget;
- observance of the established terms of payment of taxes and fees;
- the correctness of the application of tax rates and tax breaks;
- the correctness of displaying the indicators necessary to calculate the tax base.

The documentary check is a check the subject of which is the timeliness, reliability, completeness of the accrual and payment of all taxes and fees provided for by the Tax Code as well as legislation of the control of which is entrusted to the controlling bodies [2].

The purpose of documentary verification is to show:

- timeliness, authenticity, completeness of accrual and payment of all taxes and fees provided by the Tax Code;
- compliance with currency legislation;
- observance of other legislation the control of which is entrusted to the controlling bodies;
- compliance by the employer with the labor legislation in regard to the employment of hired employees.

Documents checks can be scheduled and unscheduled, outbound checks and non-outbound checks. Scheduled documents check is held in accordance with the schedule of inspections.

The unscheduled documents check is a check that is not in the schedule but there are appropriate grounds that give control authorities the right to do it.

A documentary outbound check is a check held at the taxpayer's location or location.

A documentary non-outbound check is a check held at the place of the controlling authority.

To all intents and purposes it is a check held at the place of actual performance of the taxpayer, the location of the property of a taxpayer. Such verification is carried out by the supervisory authority in compliance with the legislation on the regulation of cash circulation, the procedure for taxpayers to settle transactions, cash operations, the availability of licenses, certificates, compliance with employer legislation on the issue of employment relations with employees [2].

In summary it should be noted that the controlling bodies consider the documentary out-of-schedule control as the most effective form of tax control. This kind of verification allows the supervisory authorities to identify the biggest violations of tax legislation and enables the tax authorities to reimburse to the budget a significant part of those tax payments that the taxpayer has declined to pay.

For each type of verification the Tax Code defines the terms in which it must be conducted. Each form of tax control has its methods. They are chosen according to the specific tasks that control bodies are facing. The correct selection of both the form and the methods of tax control allows to achieve the greatest efficiency in the process of tax control.

The most common methods are the direct and indirect methods. Direct methods of tax control include: observation, survey, inventoring, accounting of taxpayers, expertise.

The application of all of the above methods, as a rule, aims for one to familiarise oneself with the state of the tax activity of the business, as well as the verification and examination of documents submitted by the taxpayer and their compliance with actual taxation data, which is measured for its accuracy, completeness and the timeliness of taxpayers' transfers to the budget.

Indirect tax control methods differ from direct sources of information about the taxpayer, which include:

- analysis of statements of banks from accounts of the taxpayer;
- research of information of suppliers or consumers;
- analysis of results of counter inspections of third enterprises;
- comparison of the taxpayer's activities with the average levels for his industry and in the region in which he undertakes his economic activities.

Consequently, direct tax control methods involve the use of information directly related to the tax returns, records and other documents provided by the taxpayer.

In contrast to direct methods, indirect methods are used to determine taxpayers' tax obligations by comparing taxpayer activity information received from other sources with taxpayer's accounting records.

3. CONCLUSION

Tax control is an independent direction of state control, which has a clearly defined purpose and is fulfilled by keeping records of taxpayers, information and analytical support and carrying out inspections.

The tax control is held in several stages each of which must comply with the norms of the law, be conducted in a certain sequence and be focused on achieving the necessary results which are the detection of overuse of taxation and taking actions for their avoidance in the future.

The choice of the form of control will depend on the purpose and tasks of the controlling authority.

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У статті досліджено особливості податкового контролю у системі адміністрування податків. Висвітлено основні етапи та особливості здійснення податкового контролю на кожному з них. Визначено принципи та функції податкового контролю, дотримання яких забезпечить ефективність та результативність даного процесу. Охарактеризовано основні форми та особливості проведення податкового контролю та визначено його важливість.

Ключові слова: податковий контроль, перевірки, облік платників податків, контролюючі органи, адміністрування податків.