

## TAX REGULATION OF FINANCIAL AND ECONOMIC ACTIVITIES OF ENTERPRISES

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***Annotation:** The article analyzes the functional features of taxation, the economic justification of the taxation system, the main directions of tax regulation, the ways of distributing the tax burden in the country. And also the concept of improving the taxation of economic activity is given.*

***Keywords:** taxes, taxation, tax functions, tax regulation, tax mechanism, tax burden.*

**Introduction.** An effective taxation system is one of the main conditions for the economic development of the state. In modern conditions, taxation is the basic institution of public administration, it is used in the regulation of the economic activity of enterprises in order to ensure the development of priority areas of the economy and increase the competitiveness of domestic producers. The functional features of taxation make it possible to use it not only for its fiscal purpose, but also to influence the conditions for the production of goods and services. It is important to establish a single criterion for the optimal distribution of the level of taxation, maintaining an acceptable proportion of taxes in relation to GDP.

The tax regulation of economic activity in the country is in a state of permanent modernization and improvement aimed at finding the optimal design that meets the market structure and infrastructure, and rationalization issues come to the fore.

At present, the domestic economy needs further renewal of the production base and fixed assets, large-scale introduction of new technologies and innovations. This path of development has no alternative, since in the modern competitive environment the need to increase the efficiency of production is constantly growing, in particular, by saving financial, material, labor resources, and increasing the effectiveness of their use. Consequently, the strategic vector of development is the intensification of production and the rational use of experience gained over the years of transformation of market relations. The possibility of using various forms and methods of taxation allows the system of tax regulation to be the most flexible.

**Discussion.** The institutional purpose of taxation is not limited to providing financial resources for social and economic development programs. Taxes play an important role in the formation of inter-farm relations, the redistribution of production resources and pricing

policy, market relations of the market mechanism, stimulating the implementation of promising projects of the domestic industry. Based on the understanding of the category "tax regulation" as the impact of the state on the economic activity of economic agents, through the established system of taxation. The basis for ensuring elasticity, high efficiency, systematic adaptation of taxation is its modernization, the introduction of modern, objectively justified organizational, economic and financial forms, methods, mechanisms for implementation. The innovative base makes it possible to maximize the existing potential, expand the functionality of tax models. For this, it is acceptable to use advanced information technologies, economic and mathematical methods, the construction of logical circuits, algorithms for the process of systems functioning. Modification of tax regulation on the basis of optimally selected, analyzed and synthesized financial and economic indicators with the development of several alternative options for planning ongoing activities will improve activities regarding the formation of state revenues. construction of logical schemes, algorithms for the process of functioning of systems. Modification of tax regulation on the basis of optimally selected, analyzed and synthesized financial and economic indicators with the development of several alternative options for planning ongoing activities will improve activities regarding the formation of state revenues. construction of logical schemes, algorithms for the process of functioning of systems. Modification of tax regulation on the basis of optimally selected, analyzed and synthesized financial and economic indicators with the development of several alternative options for planning ongoing activities will improve activities regarding the formation of state revenues.

Since taxation becomes the regulator of the redistribution of funds from private owners to the state, the problematic point is to determine its optimal level and the indicator against which it is calculated, i.e., the necessary share of the economic base that is subject to deductions to centralized funds.

Taxes are historically characterized, by virtue of the a priori arising relations of explicit (direct) alienation and implicit (indirect) appropriation, of a contradictory, conflict-generating nature. From these positions, the main characteristics of taxes are: unilaterally-coercive nature; non-transparency, unmarked spending of tax revenues to budgets of different levels; non-personalization and non-obvious equivalence, which gives rise to the effect of "free of charge and irrevocable" due to the implicit, indirect nature of public goods and services provided by the state (especially with a low level of tax culture in society). These

signs are fully, the author believes, inherent in income tax. The degree of theoretical and practical diversification of tax functions depends both on the specific objectives of the study, and on the level of development of the tax system, the structure of a particular tax at a particular historical stage. Singling out two basic tax functions: fiscal AND regulatory, the author proposes to consider all other functions as derivatives (sub-functions).

Harmonious and simultaneous, and not mutually exclusive, implementation of the basic tax functions, firstly, is possible when a certain resonance is reached in the often conflicting economic interests of the state, sovereign producers and households, since any tax as an economic relation of alienation ultimately expresses the connection between the individual and the universal in the subjective object structure of the market economy, and, secondly, requires orientation to certain principles. In addition to the existing and generally recognized principles, the author proposes a system of tax principles of an imperative order: ease of calculation and stability, certainty, harmony, transparency, labeling, the possibility of adjustment and the legality of reducing the tax burden, etc. Exogenous and informal business conditions.

The growth in production and sales, cost reduction, active investment activity, the introduction of innovations, the improvement of working conditions and the growth of its productivity - all this, influencing the value of the potential, is more likely to act as targets when choosing an enterprise management strategy by an economic entity.

The formation of profit at the micro level of the economic system will inevitably be adjusted with changes at the mega-, macro- and meso levels, covering: the conjuncture of world markets, economic cycles (mega-level); tax, antimonopoly legislation, innovation and investment, monetary, industrial, pricing policy of the state and its territorial entities (macro and meso levels of the economic system). Of the most significant endogenous factors affecting financial results and the amount of taxable profit, the author identifies: the volume and quality of goods and services, pricing policy, the level of cost and other costs, the quality of management, the nature of the organization of labor and production, the level of education and qualifications of personnel, the state of fixed production assets, their innovativeness, scientific and technical creativity, initiative; financial situation and economic interest of employees. The specificity of the profit taxation mechanism is determined by the features and possibilities of modifying its design, taking into account both formal and informal economic

relations that mediate the processes of creating and distributing profits and are characteristic of a particular historical stage.

With the universality of the structures of different taxes, the structure of the tax mechanism at the macro and micro levels is specific: 1) the subjects of the implementation of the tax mechanism are: at the macro level - the state, at the micro level - an economic entity; 2) at the macro level, the objects of direct control are the tax revenues of the budget system, at the micro level - the totality of tax payments and obligations of the taxpayer; 3) due to the well-known contradiction between the forms of alienation and appropriation, the goals of tax policy are multi-vector: for an economic entity, this is a legal (and illegal) reduction in tax payments, and for the state, their increase.

The distribution and redistribution of part of the profits of economic entities to the budgets of different levels demonstrates the relationship between tax and financial mechanisms (the principle of expansion). Profit as a result of economic activity should be considered in four contexts: economic, economic, legal and institutional. The transformational and transactional factors used in the production process determine the components of production costs. From an institutional point of view, exogenous conditions of a regulatory nature, potentially affecting the amount of net profit remaining at the disposal of an economic entity, constitute only general framework (formal) conditions.

An analysis of the economic and organizational mechanism of tax regulation of enterprises has shown that, theoretically, its basic instrument is the regulation of the mutual influence of tax bases and taxes. At the same time, the practice of formation and functioning of this mechanism at the microeconomic level shows that it is not entirely effective. Therefore, for the effective functioning of tax regulation, an approach is proposed that provides for the integrated use of both elements of the tax mechanism and tax regulation tools. The use of such a mechanism will predetermine the uniformity of taxation, the rationale for the application of tax benefits, which will determine the consistency of the interests of the state and business entities regarding the level of taxation.

The concept of improving the taxation of economic activities should take into account changes in the socio-economic and financial environment of enterprises, include the implementation of innovative developments in the tax service, which is a prerequisite for the emergence of new tax technologies, and, based on the functional distribution of tax

regulation, be embodied in the legislative framework, the taxation mechanism and organizational structure of the tax service.

One of the directions for solving economic problems with the help of taxation is the justification of the amount of taxes relative to their base; the second - finding and researching sufficient sources of state tax revenues, control of fiscal charges and receipts; the third is a factor analysis of macro- and microeconomic indicators, taking into account the ongoing tax policy and related changes. The dissertation substantiates an attempt to single out the principles of tax regulation as an independent category, taking into account the place of these principles in the system of taxation of enterprises. The emphasis is on the relationship between the concepts of "modeling the level of taxation" and "the sequence of improving tax regulation", which gives a clearer idea of the essence of the principles of tax regulation.

Analyzing these ratios, it can be seen that the level of taxation depends on a number of circumstances. The economic rationale for the taxation system is primarily determined by the choice of the rate and base of each of the taxes, based on the overall level of the tax burden, a review of the indicators of which shows that there is currently no single method for calculating it. In this regard, it is proposed to establish the optimal level of taxation of enterprises, basing calculations on the indicator of profitability to costs.

The distribution of the tax burden between payers is based on the establishment of a correspondence between the tax and the good, which is provided as an equivalent, as well as on the "principle of solvency" - the proportionality of the tax and the income received, the available financial resources. The author proposes to consider the "neutrality" of taxation as the establishment of an equal ratio between the amount of taxes and certain economic indicators, in particular, the same withdrawal of financial resources, depending on the efficiency of the economic activity of enterprises. Innovative technologies in this area may arise as a result of developments regarding the leveling of "tax distortions" of economic indicators. The best criterion for "neutrality" of taxation is profitability,

Equal distribution of taxes between business entities is "neutrality" in taxation, which is interpreted as a factor contributing to managerial decision-making at the micro level and as a target direction of the state fiscal policy at the macro level. Calculation of profitability taking into account the tax factor makes it possible to establish standards for the "tax burden" and, thus, to program the development of priority sectors of the country's economy.

**Conclusion.** Thus, the introduction of this system of tax regulation will make it possible to formulate fiscal policy, taking into account the actual capabilities of taxpayers, which will increase the filling of the budget, ensure the protection of the interests of entrepreneurs in the country, strengthen the country's position in international markets, bring the organization of the tax system closer to world standards, become a harmonious association with the general the concept of development of all spheres of the economy.

The analysis of the main macroeconomic indicators showed: the predominant growth in the number of profitable organizations in agriculture and trade, the lack of financial resources for the reproduction and renewal of fixed production assets in a number of priority manufacturing industries, the uneven understatement of the book value of fixed capital relative to replacement, etc., which increased differentiation tax bases and reduced the financial capacity of many industrial enterprises for both intensive (through the introduction of innovations) and extensive expanded reproduction. Therefore, the tax transformations of recent years, due to their compensatory nature (reducing rates - the abolition of benefits), did not create incentives for business entities to switch to an innovative development model.

Modernization of the mechanism for taxing the profits of organizations and a set of measures of a systemic preventive nature. A tax mechanism that meets the criteria of consistency, integrity, consistency, flexibility and efficiency should fulfill its main function - to mitigate the relationship of direct alienation and indirect appropriation between the subjects of tax relations through the harmonization of fiscal and regulatory tax functions, both at the micro and macro levels of the national economy, first of all, through the optimization of the main budget-forming taxes: direct (profit tax, personal income tax) and indirect (value added tax, etc.).

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