Abstract. The paper deals with the necessity of a tax control, methods of its implementation under the Tax Code of Ukraine, the content of each component and the detailed procedure of tax audits as one of the leading forms of tax control. The author also gives recommendations regarding the improvement of tax control methods in terms of European integration. In the paper author states, that tax inspection is a form of tax control, carried out by supervisory authorities in order to establish the correct calculation, completeness and timeliness of payment of taxes and fees. The experience of European countries shows that the tax office helps taxpayers determine the list of taxes and duties that they must pay, and not define themselves according to the TCU as it is in Ukraine, which does not allow the imposition of fines and financial sanctions because of law ignorance.

Key words: tax, Ukraine, payments, inspection, analytical support, check.

1. Introduction

Article 1 of the Lima Declaration of guidelines on monitoring indicates that the establishing control is essential in management of public financial resources, as this control entails responsibility before society. Public funds are formed in the form of budgets at different levels through taxes and fees. [1] Control of accruals’ completeness and timeliness of transfer taxes and duties is carried out by tax control. Tax control serves as integral state financial control. It is an essential tool for monitoring the correctness, legality and validity of the transactions. It is characterized by purpose, objectives, objects, subjects, types and tools of implementation.

The main purpose of tax control in modern Ukraine is to constantly provide state budget with income, and its subject is inspection of whether the tax base of businesses taxes and fees is complete and transfers to the budget are carried out in time. This goal can be achieved by methods of its implementation.

2. Materials and methods

The essence of tax control, its purpose, its place in the system of state financial control were all studied by Ukrainian economists, such as V. Andrushchenko B. Boreyko, V. Vishnevsky, L. Voronov, M. Voynarenko A. Danilenko, I. Krynitskyi, V. Fedosov, T. Kushnarev, Yuri Soloviev, A. Savchenko, V. Onischenko, A. Poddyerohin, N. Chmielewski, J. Reva M. Sverdan, V. Howler, A. Sigayev, L. Tarangul, N. Marino, M. Buriak, B. Karpinski, Zalutska N., V. Bilinsky and others. Despite the considerable number of publications and developments, studying its implementation requires further exploration considering the adoption of the Tax Code and the constant changes to it.

3. Results

The article is to study methods of tax control in Ukraine and develop recommendations for their improvement, based on them.

Article 62 TCU "methods of tax control" determined that the tax management is carried out through:
- Keeping records of taxpayers;
- Information and analytical support for the activities of DFS;
- Inspections and checks [2] (Table 1).
Accounting taxpayers is the starting point that makes the process of tax control of entities possible. After registration on location, the registration at the State Tax Service (STS) is carried out. Registration at STS pursues several objectives, first, making the business itself legal; secondly, economic activities can have adjustments that may have to be made and they are registered in the electronic data base and third, when the subject stops its functioning, it gets removed from the register.

Logically the next method of tax control would be informational and analytical support. It should be viewed comprehensively and in particular. Information security is nothing else but a message received in this case by STS from a taxpayer (a particular entity). The tax information, its sources and its mode are determined by TCU and other legal acts (the Law of Ukraine "About formation" from 02.10.92 № 2657-XII as amended on 06.01.02011). The information base acts:

- information received from the taxpayer in the form of declarations, payments and accounting documents;
- information received from the executive authorities, local government and the NBU, it includes available permits, licenses, certificates to conduct business; information about export-import operations, the existence of cash flows, and results of tax paying control, information on export and import transactions of taxpayers, provided by the relevant authorities. This information is to be analytically processed and later used to make management decisions.

Tax control is carried out by a combination of all ways of its implementation. In addition, tax inspections are very important in tax control. It is how monitoring is the most effective, providing direct control of the completeness and correctness of taxes and fees calculations that can be realized only by comparing tax returns, given by taxpayers with actual data on the object and tax base, as reflected in financial accounting.

In our opinion, the tax inspection is a form of tax control, carried out by supervisory authorities in order to establish the correct calculation, completeness and timeliness of payment of taxes and fees. In terms of theoretical and practical aspects of tax control its classification grows to be very important. The TCU classification criteria define three tax inspection features, listed in Table 2.

First classification is made according to the plan, not to the time of conduct. It is for the time of conduct that the classification is absent. Depending on the timing of tax control, it can be: previous, current and following.

Previous tax control precedes the financial and economic activity of tax payers. It is manifested in accounting of tax payer at SFS.

Current tax control is carried out during the financial and business activities through checks or using indirect methods to determine the income associated with receipt or other objects of taxation.
Table 2

<table>
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<tr>
<th>Classifications</th>
<th>Summery</th>
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<tr>
<td>According to the time of implementation is divided into scheduled and unscheduled</td>
<td>The scheduled inspection is conducted by supervisory authority, unscheduled – is not a part of supervisory body’s plan.</td>
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<td>According to that location: site and offsite</td>
<td>Site inspection is conducted right at the location of a tax payer or the location of property rights. Off-site inspection is conducted directly at STI.</td>
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<td>According to the conducting: documentary, a desk, electronic control check.</td>
<td>Documentary check is conducted according to three levels of tax accounting, financial, statistical and other reporting forms and can be off-site and field. Desk inspection is a type of off-site inspection, which is aimed at checking tax returns. Control checks are carried out by the actual activities of the tax payer or the rights of ownership, doesn’t imply warning the tax payer and is held no more than once a month, check duration should not exceed 10 days, the possible extension of the check of the decision by the head of the control body for no more than 5 days E-check - a documentary unscheduled off-site inspection, based on the application submitted by the tax payer with little risk (determined in accordance with paragraph. 77.2 TCU) to their tax office.</td>
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The following control is carried out on the basis of the tax period. It is aimed at tax payers’ time lines so if tax returns, accounts and other documents relating to the calculation of taxes, fees, and check the authenticity of, calculating the tax base and tax charges. This control can be carried out at the STI facility or directly at a location of a control object. The future tax control is carried out in the form of documentary checks, contents and types of which are shown in Table 3.

Table 3

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<th>Types of documentary inspection</th>
<th>Short summery and terms of conducting</th>
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<td>Documentary unscheduled off-site inspection</td>
<td>Conducted by the officials of the control body with a taxpayer being present or absent, based on data submitted to the authority of STI (tax returns, tax and accounting records, tax registers, financial, statistical and other reports). This check is conducted by the decision of the head of STI or referral for its implementation.</td>
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<td>Documentary scheduled off-site inspection</td>
<td>It’s carried out at a location of a taxpayer in accordance with accounting and report information with the approved schedule. Frequency of such inspections depends on the degree of a risk: low risk - once every three calendar years; average - once every two calendar years; high - no more than once a year. Duration should not exceed 30 working days and when working with small businesses - 20 working days. Extension of the inspection period can be made by decision of a head of STI for no more than 15 working days, and with small businesses - 10 days.</td>
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<td>Documentary unscheduled inspection</td>
<td>It is carried out at a location of a taxpayer in accordance with reports with at least one of the circumstances met: 1) on the inspection results of other taxpayers there have been discovered some facts that indicate abuse of tax laws of Ukraine, currency legislation if the taxpayer did not provide an explanation and documentary evidence of a written request for mandatory state tax authority within 5 working days of receipt of the request; 2) the taxpayer didn’t file tax returns or payments within the prescribed period if their submissions are implied by law; 3) there has been discovered inaccuracy of the data, contained in a tax return filed by the taxpayer if the taxpayer did not provide an explanation and documentary evidence of a written request for mandatory state tax authority within 5 working days of receipt of the request; 4) the taxpayer has filed a complaint in a proper manner regarding law violations by officials of the State Tax Service during scheduled or unscheduled inspections, which requires full or partial cancellation of the results of a certain inspection; 5) in case of need to verify information received from a person who had a legal relationship with the taxpayer if the taxpayer did not provide an explanation and their documentary evidence of mandatory written request to the state tax authority within 10 working days of receipt of the request; 6) reorganization (liquidation) of the company is carried out; 7) the tax police instituted a case regarding the taxpayer (taxpayer officer) in the manner prescribed by law, therefore there is a need to conduct unscheduled inspections of financial and economic activity of the taxpayer; 8) the taxpayer filed a declaration with the negative value of the value added tax, which is more than 100 thousand. UAH; 9) the company filed a complaint about the failure of another company to turn in a tax bill or having filled it with infringements; 10) during four basic periods the value in the tax return of income tax is negative. 11) the taxpayer filed a specifying calculation of the tax for the period inspected by STS; 12) In case the STS higher body when inspecting the reliability of conclusions of STS lower body carried out the check of mandatory reporting documents or the findings of the inspection report made by the STS lower body and found their non-compliance with laws or incomplete clarification when checking issues which are to be checked during the inspection in order to form an objective opinion on taxpayer’s compliance with legal requirements, enforcement of which is entrusted to the STS. Unscheduled inspection in this case can be initiated by a top-level body of STS only if the relation officers or employees of STS’s lower body who conducted scheduled or unscheduled inspections of the referred taxpayer are involved in an official investigation or criminal case. Duration of the inspection shall not exceed 15 working days, as for the small businesses - 10 working days. Terms of inspection may be extended with the consent of the head of STS for no longer than 10 days.</td>
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When analyzing table 3 we should mention that the number of circumstances under which unscheduled documentary inspections can be conducted at TCU has increased comparing with previous legislation. The duration of inspections has also increased.
TCU legitimized indirect methods of inspection. So we can also distinguish such classification as a way of obtaining evidence. According to the way of obtaining evidence inspections can be documented, as discussed above, and actual. The actual tax control makes use of supervisory authorities conducting inventories of stocks, fixed assets, inspections of commercial warehouse facilities and other entities and public housing, if used as a legal address of a business entity, as well as to generate income, allowing establishing actual data on qualitative and quantitative objects of taxation, their compliance with tax accounting.

E-control is a new tendency of inspections, which is held due to the rules of TCU 01.01.2014 coming into effect. Therefore, we should study this tendency in details. Electronic inspections are implied by 75.1.2 of TCU and are basically off-site documentary unscheduled inspections. These checks are not obligatory and are conducted at the request of the taxpayer but on condition that they are categorized as taxpayers with low risk. Inspection is conducted every three years. Implementation of this practice is carried out gradually that is since 1 January 2014 taxpayers use this service applying the simplified system of taxation, accounting and reporting; from 1 January 2015. - for micro-businesses, SMEs and starting from 1 January 2016. - other taxpayers.

Taxpayers who want to pass remote inspection shall notify their intention to the fiscal agency services at the location of their registration. Thus within 10 days before the expected start of electronic inspection, they apply a request including following information:
- their general credentials;
- periods of economic activity that is a subject to inspection (the taxpayer can define them themselves in case if the similar periods of the same issues were not inspected);
- applied taxation;
- list of taxes that will be checked during the e-check;
- data on accounting, including primary documents in electronic form;
- documents related to the calculation and payment of taxes and duties in a proper format;
- method of providing documents (e-mail or any other).

On the results of electronic inspection, they issue a certificate in two copies, signed by officials of the supervisory authority who conducted the check. It is registered in the supervisory authority within three working days after the end of the inspection period. The certificate is handed or mailed to the taxpayer or his authorized representative, who must read the document and sign it, or provide objection within 5 days of delivery (86.4 TCU). If the taxpayer disagrees with the results of the inspection, they have the right to send their comments with the signed copy reference [3].

The use of electronic checks is aimed at “making it easy” for business entities. Providing reports electronically and passing documentary e-checks will allow taxpayers to spend less time on dealing with inspectors, which will help eliminate the factors of corruption on the part of workers of fiscal services, prevent errors, reduce the size of penalties.

Conducting tax inspections implies compliance with certain sequence: the preparation, verification, implementation of the inspection itself and making results. Accounting documents, estimates, performance payment transactions declarations, patents, certificates of state registration of business entities, special permits for its implementation, and others.

One of the most effort-consuming processes during tax inspections is evaluation, which includes: registration act (if possible violations of tax or any other laws have been detected) or certificates (if they haven't ) of having conducted tax inspections; signing the act and consideration of taxpayers objections before making any decisions; registration of tax inspection results as a notice regarding determination of tax liabilities and fines (financial) sanctions; appeal to the results of tax inspections in the administrative procedure; reviewing the results of tax inspection for the circumstances that have come up again out of court; appealing to the results of tax inspection in court ( with the deadline appeal harmonization of tax obligations).

Thus, the main method of tax control in Ukraine is a tax inspection. Conducting tax inspection does not improve their performance and does not reduce the concealed part of Ukrainian economy. Tax doesn’t always achieve 100% of tax debt repayment, and taxpayers try minimizing tax liabilities in any ways possible. If the tax control continues to be limited by carrying out inspections and by applying sanctions to violators, no improvements will happen.

In order to improve the mechanism of tax control it is necessary to take a number of
particular measures. First DFS should establish partnerships with the business. Considering the experience of many European countries we should encourage the voluntary tax payments by business entities. In order to do this explanatory work among taxpayers should be carried out (such as seminars, meetings, etc.), unambiguous not blurred tax consulting and specific assistance in tax reporting should be provided, and this depends on the level of training of tax personnel; tax reporting content and especially their applications should be simplified because they are too bulky. As for consulting, it should be noted, in accordance with paragraph 5 of Article 2.1. 52 TCU at the request of taxpayers regulatory authorities provide free advice on the practical application of certain legislation provisions within 30 days following the day of receipt. How many mistakes can be made during this period? So changes of consultations deadlines are required. They should be timely and competent.

The experience of European countries shows that the tax office helps taxpayers determine the list of taxes and duties that they must pay, and not define themselves according to the TCU as it is in Ukraine, which does not allow the imposition of fines and financial sanctions because of law ignorance.

Next, it is appropriate not legally but actually to reduce the number of taxes. Now the number of taxes in Ukraine has been reduced from 22 to 9, but the changes haven’t actually happened. If we analyze excise tax then we’ll see that the following taxes transformed into it, they are: tax for the first registration of the vehicle, environmental tax (on fuel), the collection as a surcharge to the current tariff for electricity and thermal energy, except electricity generated by qualified CHP units, each of which has a mechanism of taxation. And this situation can be observed when talking about other taxes. Also the following taxes were eliminated: tax on development of viticulture, horticulture and hop, fixed agricultural tax, fee for use of radio frequency resource, and to local taxes - tourist tax, fee for parking vehicles which have been recognized as inefficient to the tax system of Ukraine.

Next, it’d be appropriate to improve pre-check process. STI department of documentary checks should conduct a detailed analysis and cross-check of submitted declarations to identify the “bottlenecks”, and first of all - understatement of tax liability. The tax inspector will be sent with inspection, which will reduce the time for control measures and in this case only unscrupulous taxpayers will be subjects to more inspections. Along with this a strict inspection program should be developed in the context of each tax and the area of its occurrence.

4. Conclusions
DFS should learn from EU countries, where priority is working with non-payers that are registered with the tax authorities, but did not submit tax returns and do not pay taxes or are engaged in business activities, but not registered with the tax authorities and don’t pay taxes normally, which reduces the time, spent on inspecting honest tax payers.

It is also important to take into account the experience of European countries in decision-making on the results of a tax inspection. It is essential that tax inspector, who conducted the inspection, took decisions on the positions to be altered. When a tax payer admits their accidental mistakes the penalty and applied financial sanctions should be "softened" by reducing them. This inspector should estimate the mistake and its impact on tax assessment and tax reporting. Along with this, the tax inspector must take note of the fact whether the taxpayer can pay the assessed amount of tax and penalties.

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