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Current paths of tax for business entities: Financial, economic and legal aspects

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Abstract: The article aims to investigate the ways of optimizing taxation for business entities in Ukraine to enhance the efficiency of the domestic taxation system and analyze the economic and legal aspects of establishing a new model of relations between businesses and fiscal authorities in alignment with European tax standards. The authors examine the economic and legal dimensions of current trends in tax optimization for profits generated from business activities, value-added goods and services, transactions involving excisable goods, as well as taxation on various forms of income, property, and property rights of business entities. Legislative improvements related to taxation and financial mechanisms for determining and collecting specific taxes, such as income tax and a single tax, are discussed. This study addresses the pressing issues surrounding legislative provisions on business entity taxation and proposes methods for enhancing tax optimization strategies within each entity. The authors emphasize the significance of developing a tailored tax policy for businesses to manage financial stability, guide economic activities, and ensure compliance with tax obligations. The authors present applicable recommendations for optimizing taxation practices and enhancing financial mechanisms for tax assessment and collection within business entities. Their insights shed light on the importance of strategic tax policy development to navigate tax responsibilities and plan for future financial obligations effectively. This research provides practical recommendations for policymakers and business leaders to improve tax optimization strategies, ensuring that businesses can operate efficiently while fulfilling their tax obligations in a manner that aligns with European standards.
Keywords: *Economic aspects of taxation, Income tax, Legal principles of taxation, Optimization of tax system, Single tax.*

1. Introduction

In the contemporary business landscape, the process of tax payment by business entities stands as a fundamental principle of economic activity in Ukraine [1]. However, amidst their entrepreneurial endeavors, business entities often encounter challenges related to fulfilling tax obligations. These challenges include paying taxes and fees to state or local budgets, submitting tax reports, and registering and accounting as taxpayers. A considerable number of business entities find it daunting to navigate the tax burden due to the constant fluctuations in tax legislation. Consequently, all business entities, irrespective of their size, strive to enhance the efficiency of formulating and executing their tax policies by minimizing burdensome deductions to various levels of budgets.

Within the framework of optimizing the taxation system, each business entity should, in our perspective, develop a tailored tax policy. This policy should not only reflect its current financial status and economic direction but also outline optimal methods for meeting tax obligations and forecasting

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future profits and expenditure for tax payments derived from entrepreneurial activities. Crucially, this internal tax policy should align with the overarching goals of the state tax policy.

The main objective of this article is to explore the current trends in optimizing the taxation of business entities, focusing on overhauling the contemporary tax system and integrating prevalent financial and tax innovations from Europe into Ukrainian practices.

The significance of this research problem is underscored by the imperative to transition from an inefficient tax relations system to a rational, efficient, and optimized framework. The adoption of tax innovations, as observed in European legislation concerning the taxation of business entities, is necessitated by the rapid Euro-integration processes in Ukraine and the imperative to align Ukrainian tax laws with European Union standards.

2. Methodology

The methodology employed in this article involves a comprehensive review of existing scientific research and studies conducted by prominent scholars and experts in the field of taxation, business finance, and economic policy in Ukraine. The works of researchers such as Bryzgalina [2], Moroz & Burdakova [3], Voronova [4], Kasianenko et al. [5], Kucheryavenko et al. [6], Orlyuk [7], Pavliuk [8], Pasichnyk [9], Sergienko et al. [10], Khatniuk et al. [11, 12], and Chubenko et al. [13] are examined to understand the challenges and solutions in building an effective national tax system. Additionally, the contributions of scholars like Boreiko [14], Demidenko & Artamonova [15], Koval et al. [16], Ignatenko & Shumak [17], Lagutin et al. [18], Melnik [19], Pryshva [20], Pokataieva et al. [21], Tropina [22], and Chugunov & Zhukevych [23] in reforming Ukrainian tax legislation and optimizing the tax system are analyzed.

The economic aspects of taxation for business entities are explored through the works of economists and financiers such as Andrushchenko & Tuchak [24], Paientko & Oparin [25], Suray et al. [26], Slavkova & Solovey [27], Sutormina et al. [28], Arkolakis et al. [29], Fedosov et al. [30], among others. Furthermore, the research delves into the insights provided by scholars like Podderyogin [31], Tereshchenko & Babiak [32], and Khatniuk et al. [33, 34] on business finance management.

While acknowledging the existing theoretical foundations in tax system formulation and business finance management, this study aims to address the gaps by focusing on the practical application of tax optimization strategies in modern tax relations concerning the taxation of business entities in Ukraine.

3. Results and Discussion

The ways of optimizing tax relations can be understood as various measures and methods that are applied by both the business entity and the state. There is a common opinion that the optimization of tax relations involves the application of organizational measures within the framework of current legislation, which is associated with the creation and support of the most effective mechanisms and contractual relations.

Optimization of taxation is also understood as a process that is recommended to be carried out both when creating a business entity and at any stage of its operation [35]. The main task of financial management can be considered as tax optimization – the choice of the most effective way of managing the financial resources of a business entity. Optimization is carried out only with the aim of maximum legal reduction of taxes, which is called tax minimization. In this case, money remains at the disposal of the business entity and gives profit, since the amount of circulating funds does not decrease, which also contributes to an increase in profit [36].

The optimization of a business entity's taxation begins with an analysis of the circumstances that influence the formation of the taxpayer's tax obligations (legal facts associated with the occurrence of tax obligations), methods for calculating tax payments (the procedure for determining the object of taxation, forming the tax base, and using benefits), existing economic relations, and the type of economic activity and organizational-legal form. The process of implementing the mechanism for optimizing the taxation of a business entity consists of several key stages. The first stage allows securing the enterprise's activity for the previous period of activity from possible fines in the process of on-site tax audits, involves checking the accounting and tax accounting, the base of contracts and primary documents; elimination of detected errors, ensuring the necessary volume and quality of primary documents. The second stage involves the development of its scheme of tax optimization – this is a certain order of relations between several subjects of economic relations, aimed at reducing budget payments within the framework of current legislation. The third stage consists of updating the contractual base, creating a system of autonomous internal control, developing new forms of contractual relations with counterparties, and adjusting the accounting policy. The fourth stage involves the development of necessary tools for regulating the uniformity and sizes of tax payments. Of great importance is the ability to defend the interests of the enterprise before tax and other controlling bodies, and support the viability of the tax optimization scheme.

To achieve the most effective results, tax optimization requires perfect legal regulation, reform of the tax system, and the introduction of new tax mechanisms. Modern methods of tax optimization are not as effective as aggressive optimization methods, and this is primarily because value-added tax, as an indirect tax, is virtually impossible to optimize without violating current legislation. Existing methods of tax optimization are based on the combination of special tax regimes, namely the simplified tax system with the general tax regime. To achieve this goal in the conditions of the dynamics of tax legislation development, methods of tax payment optimization have been actively applied.

Table 1 demonstarets tax optimization strategies that business entities can employ to enhance their financial performance while remaining compliant with legal requirements.

Table 1.
Tax optimization strategies for business entities.

Strategy	Description	Potential benefits	Legal considerations
Utilization of tax incentive	Taking advantage of available tax credits, deductions, and exemptions offered by the government	Reduced tax liability, improved cash flow, and increased investment capacity	Must comply with eligibility criteria and documentation requirements
Choosing the right tax regime	Selecting between general and simplified tax systems based on business size and revenue	Lower tax rates and simplified reporting for small businesses; potential for higher profitability	Must ensure compliance with the chosen tax regime's regulations
Transfer pricing strategies	Setting prices for transactions between related entities to allocate income and expenses effectively	Optimization of tax liabilities across jurisdictions; potential for reduced overall tax burden	Must adhere to local and international transfer pricing regulations to avoid penalties
Tax loss carryforward	Utilizing previous years' tax losses to offset current year profits, reducing taxable incom	Decreased tax liability in profitable years, improving cash flow	Must comply with regulations regarding the time frame and amount of losses that can be carried forward
Investment in R&D	Claiming tax credits or deductions for research and development activities	Enhanced innovation, potential for significant tax savings, and improved competitiveness	Must ensure that R&D activities meet the criteria set by tax authorities
Asset	Accelerating	Immediate tax	Must follow the prescribed

depreciation strategies	depreciation on assets to reduce taxable income in the short term	savings, improved cash flow, and better resource allocation	depreciation methods and schedules as per tax laws
Tax-efficient financing	Structuring financing through debt rather than equity to take advantage of interest deductions	Reduced taxable income through interest expense deductions, enhancing profitability	Must ensure that financing arrangements comply with local tax regulations and do not trigger thin capitalization rules
Regular tax compliance reviews	Conducting periodic reviews of tax compliance and optimization strategies	Identification of potential savings, avoidance of penalties, and improved tax planning	Must ensure that reviews are thorough and comply with all relevant tax laws and regulations

The problem of optimizing tax payments to increase profit is solved by forming an effective tax policy system at the enterprise, which should be an integral part of the financial, accounting, and general management policy of the enterprise [37].

To create more favourable opportunities for the taxation of legal entities' income and their proper fulfilment of tax obligations, the legislator has provided business entities with legal prerequisites and the right to choose which tax system they should be on – general and be payers of the nationwide corporate income tax or on a simplified tax system and be payers of local tax – a single tax. In addition, business entities have the right to decide – whether to be a payer of value-added tax, or to carry out their economic activity in another way and not to be a VAT payer as well as an excise taxpayer, by choosing another type of economic activity, or by adjusting the amounts of income during the reporting tax period, or by choosing appropriate counterparties and carrying out appropriate operational activities.

One of the most important indicators of the effectiveness of the formation and implementation of tax policy by a business entity is the maximization of income through the minimization of tax liabilities by legally using existing contradictions of the Tax Code of Ukraine. The formation of tax policy at the enterprise should also be aimed at effective management of the enterprise's resources, monitoring changes in tax legislation, reducing tax fines and sanctions, accounting for changes in economic conditions, and maintaining the competitiveness of the enterprise as a whole.

Table 2 provides a comprehensive snapshot of the tax types applicable to business entities and individuals in Ukraine. By summarizing key aspects such as tax descriptions, rates, applicability, and recent changes, the table serves as a reference for understanding the current taxation landscape in the country. This overview is essential for policymakers, business leaders, and researchers who are interested in tax optimization strategies, compliance requirements, and the overall economic environment in which businesses operate.

Table 2.
Overview of taxation systems in Ukraine.

Tax type	Description	Tax rate	Applicability	Recent changes
Corporate income tax	Tax on profits earned by corporations	18%	Corporate entities	No significant changes since 2017
Value-added tax (VAT)	Tax on the value added to goods and services at each stage of	20% (0% for exports)	All businesses, including individual entrepreneurs	Maintained at 20%; exemptions for certain goods/services

	production			
Single tax	Simplified tax system for small businesses, based on income	3% (for VAT payers), 5% (for non-VAT payers)	Individual entrepreneurs and small businesses	Increased from 2% to 3% for VAT payers; income limit reduced from 20 million UAH to 5 million UAH for Group III
Property tax	Tax on real estate owned by individuals and legal entities	Varies by locality	All property owners	Local authorities can set rates; no recent significant changes
Excise tax	Tax on specific goods such as alcohol, tobacco, and fuel	Varies by product	All businesses dealing with excisable goods	Rates increased for certain products in recent years
Personal income tax	Tax on income earned by individuals, including salaries and dividends	18%	Individual entrepreneurs and employees	No significant changes; flat rate maintained
Land Tax	Tax on land ownership, based on the area and location of the land	Varies by locality	Landowners	Local authorities can adjust rates; no recent significant changes
Environmental tax	Tax on pollution and environmental impact from business activities	Varies by activity	Businesses with environmental impact	Introduced in recent years; rates vary based on pollution levels

The organization of the process of forming tax policy at the enterprise involves determining, based on economic and tax legislation, the range of necessary taxes and fees that should be paid to budgets of different levels. Also, the organization of tax policy at the enterprise involves forming the tax burden of the business entity, in which each tax is described using such indicators as sources of payment (expense items); accounting conduct; tax base; tax rate; payment terms; benefits for each of the taxes in terms of their use and special conditions for calculating the tax.

To choose an effective tax system, it is necessary to calculate the planned income and expenses of the enterprise. Reducing tax costs is the main task of both a legal entity and an individual entrepreneur when they carry out entrepreneurial activities. Managers should assess the level of profitability of the enterprise when applying the general and simplified tax system and choose the tax system that provides the maximum financial result taking into account tax risks [38].

The experience of Ukraine in creating a tax system for business entities through the corporate income tax, a single tax, value-added tax, property tax, and excise tax indicates a lack of a clear state concept of tax policy.

Over the past few years, the legislator has been taking legislative actions to optimize the tax system and bring domestic tax legislation closer to the taxation requirements of the European community. The result of prolonged discussions among scientists and experts on the development and implementation of a full-scale tax reform was the adoption of compromise regulations. Within the framework of our scientific research, it is essential to focus solely on the latest tax legislation reforms concerning the taxation of enterprise profits and a single tax for legal entities and individuals. This focus is necessary because following the adoption of the Tax Code of Ukraine in 2010 [39], subsequent legislative actions were taken, including the Laws of Ukraine of December 28, 2014, No. 71-VIII "On Amendments to the Tax Code of Ukraine and some legislative acts of Ukraine on tax reform" and "On amendments and recognition as such, which have lost their validity, some legislative acts of Ukraine" [40, 41], of December 28, 2014, No. 76-VIII "On Amendments and Repeal of Certain Legislative Acts of Ukraine" [42], of December 24, 2015, No. 909-VIII "On Amendments to the Tax Code of Ukraine and some legislative acts of Ukraine to ensure budget revenue balance in 2016" [43], and of April 28, 2016, No. 1411-VIII "On Amendments to the Tax Code of Ukraine concerning the exemption from taxation of pensions" [44].

Still, while these laws and bills were instrumental in budget planning for the years 2016 and 2017, they did not significantly impact the stimulation of economic activity or accelerate the economic growth of the country. The legal framework governing the taxation of enterprise profits, single tax, and value-added tax during this period lacked stability.

The base rate of corporate income tax remains at 18%. The payment of advance contributions has been cancelled. Advance contributions remain when dividends are paid. In this regard, corporate income taxpayers paid an advance contribution from this tax in the amount of 2/9 of the income tax, accrued for three quarters of 2016, until December 31, 2016. The paid amount reduces the tax liability that will arise as a result of the annual declaration. At the same time, it is not entirely clear whether this norm applies to taxpayers for whom an annual tax period has been established.

A quarterly reporting period (cumulatively) has been introduced for all taxpayers, except:

- Taxpayers newly established during the reporting year;
- Producers of agricultural products;
- Taxpayers whose annual income from any activity (excluding indirect taxes), for the previous annual reporting (tax) period, does not exceed 20 million hryvnias.

For such taxpayers, an annual reporting period has been established.

In turn, Ukraine has tried to keep up with global trends, gradually reducing corporate tax rates. Thus, if from 2004 to 2010 the rate was still 25% and with the adoption of the Tax Code of Ukraine: from April 1, 2011 – 23%, from January 1, 2012 – 21%, from January 1, 2013 – 19%, from January 2014 – it should have been 16%, but considering the difficult economic situation in Ukraine, further reduction of the rate was suspended, in 2015-2017 it is 18% and is one of the lowest in the world [30]. Thus, the planned changes in the taxation of entrepreneurial activity, provided for by the Tax Code of Ukraine, are generally aimed at reducing the tax burden on legal entities (Table 3).

Table 3.
Comparison of corporate income tax rates in Ukraine (2004-2023).

Year	Tax rate (%)	Notes on changes	Economic context
2004	30%	Initial high-rate post-independence	Economic growth following independence
2005	25%	Reduction as part of tax reform efforts	Continued economic growth
2006	25%	No change; stability in tax policy	Economic growth; increased foreign investment
2007	25%	No change; focus on improving tax compliance	Economic growth; strong GDP performance
2008	25%	No change; preparation for global financial crisis	Economic growth; beginning of global downturn
2009	23%	Reduction to stimulate economy during recessio	Economic recession; GDP contraction

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2010	21%	Further reduction to encourage investmen	Recovery phase post-recession
2011	21%	No change; focus on fiscal stability	Economic growth; improving investment climate
2012	19%	Tax reform aimed at simplification	Economic growth; stable investment inflow
2013	19%	No change; continued focus on tax compliance	Economic growth; pre-crisis stability
2014	18%	Reduction amid political and economic turmoil	Economic crisis due to conflict and instability
2015	18%	No change; focus on economic recovery	Ongoing economic challenges; slow recovery
2016	18%	No change; stabilization efforts continue	Gradual recovery; slow economic growth
2017	18%	No change; focus on attracting foreign investmen	Economic growth; improving business climate
2018	18%	No change; stability in tax policy	Economic growth; increased foreign investment
2019	18%	No change; continued focus on compliance	Economic growth; stable investment environment
2020	18%	No change; pandemic impact begins	Economic downturn due to COVID-19
2021	18%	No change; recovery efforts initiated	Economic recovery post-pandemic
2022	18%	No change; ongoing conflict impacts economy	Economic challenges due to war and instability
2023	18%	No change; focus on stabilization and recovery	Ongoing economic challenges; recovery efforts

The evolution of corporate income tax rates in Ukraine over nearly two decades, illustrating the relationship between tax policy and economic conditions.

The corporate income tax rate is a critical factor influencing business operations, investment decisions, and overall economic growth. In Ukraine, the evolution of corporate income tax rates from 2004 to 2023 reflects the country's response to various economic challenges, legislative reforms, and efforts to attract foreign investment. This period encompasses significant fluctuations in tax policy, particularly in the wake of economic crises, political changes, and global economic trends. Figure 1 illustrating these trends provides a visual representation of how corporate tax rates have shifted since 2004 to 2023, highlighting key legislative changes and their implications for the business environment in Ukraine.

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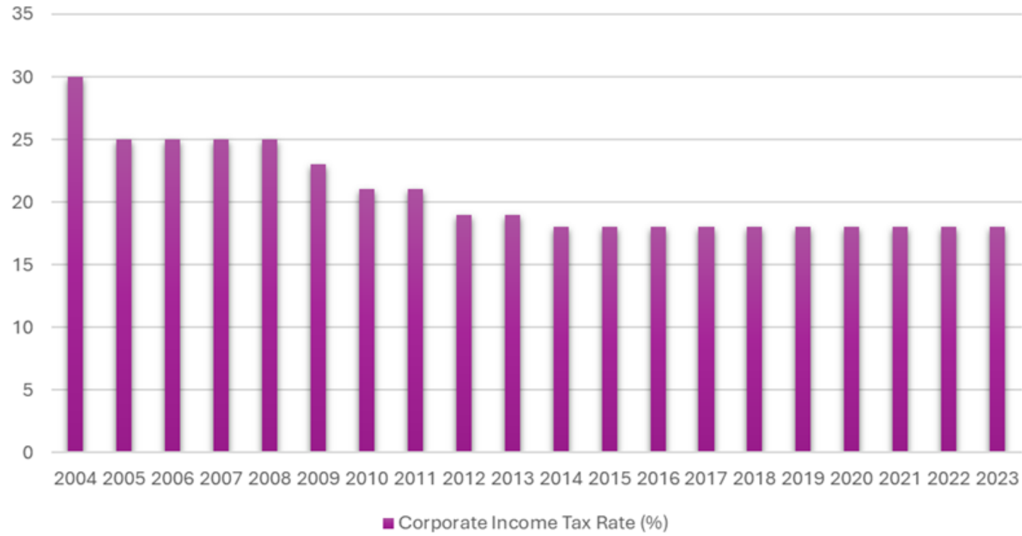

Figure 1.
Trends in corporate income tax rates in Ukraine (2004-2023).

The analysis of corporate income tax rates in Ukraine reveals a trend of gradual reduction from 30% in 2004 to a stable rate of 18% from 2014 onwards. This stability has been crucial for fostering a more predictable business environment, which is essential for both domestic and foreign investors. However, the persistence of the 18% rate amidst ongoing economic challenges, including the impacts of war and pandemic, raises questions about the adequacy of current tax policies in stimulating economic recovery and growth. Regarding individual entrepreneurs, a reduction in the tax burden is not characteristic for them, since changes in the taxation of incomes of the individual entrepreneurs have occurred towards increasing the categories of single taxpayers, tax rates, and the amount of taxable income.

For Groups I and II of the single tax, the rates remain unchanged. For taxpayers of Group III of the single tax, the annual income volume has been reduced from 20 million UAH to 5 million UAH. Also, for taxpayers of Group III, the tax rate has been increased from 2% to 3% (for VAT payers) and from 4% to 5% (for non-VAT payers). The single tax rates for Group IV taxpayers (agricultural enterprises) have been increased by 1.8 times. As before, cash register operators are not used by taxpayers of Group I and taxpayers of Groups II and III (individual entrepreneurs) regardless of the chosen type of activity, the income of which does not exceed 1 million UAH during the calendar year.

The base rate of value-added tax remains at 20%. The rate for export is 0% (unchanged), and the rate of 7% remains unchanged for import and supply of registered medicines, medical devices, and medical equipment.

The presence in the Unified State Register of Legal Entities and Individual Entrepreneurs of a record of the absence of a legal entity or an individual at its location (place of residence) or a record of the absence of confirmation of information about a legal entity has been excluded as a basis for cancelling the VAT payer's registration.

The law provides that the tax base for operations with the supply of self-made goods/services cannot be lower than ordinary prices. The ordinary price is the price of goods (works, services) determined by the parties to the contract. If the opposite is not proven, it is considered that such a price corresponds to the level of market prices. The previous edition of the Tax Code of Ukraine provided that the base cannot be lower than the cost of such goods/services. Thus, taxpayers can use the contract price as a base if it is not proven that such a price is not market. If during the check of the inventory tax authorities find the absence of previously purchased goods, it will be considered that the goods were used in the non-economic activity of the taxpayer (except for the action of force majeure).

The supply of international technical and humanitarian aid has been exempted from taxation. Operations of banks and other financial institutions with the supply of property, acquired by them as a result of foreclosure on such property, are exempted from taxation; the tax base is the positive difference between the supply price and the purchase price of such property.

The right to a tax credit, which arises as a result of the preparation of a correction calculation, which was belatedly entered into the Unified Register of Tax Invoices, can be used within 365 days from the moment of preparation of such a correction calculation (previously this right existed only for tax invoices).

The procedure for budget reimbursement has been changed, namely, the criteria for receiving budget reimbursement have been cancelled:

- The taxpayer had to be registered as a VAT payer for at least 12 calendar months before the month following which the application for budget reimbursement is submitted (except for the accrual of a tax credit as a result of the purchase or construction (construction) of fixed assets);
- The taxpayer was supposed to have volumes of taxable operations for the last 12 calendar months larger than the declared amount of budget reimbursement.
- As of February 1, 2016, the norms for automatic budget reimbursement have become invalid. Since then, two registers have been created:
- Register of applications for the return of the amount of budget reimbursement to taxpayers who meet the criteria of p.200.19 Art. 200 of the Tax Code of Ukraine;
- Register of applications for the return of the amount of budget reimbursement to taxpayers who do not meet the criteria of p. 200.19 Art. 200 of the Tax Code of Ukraine.

Both registers are public and are updated daily on the website of the State Fiscal Service of Ukraine.

Budget reimbursement is carried out in chronological order of submission of applications to each register. Therefore, any taxpayer who has received a negative VAT value and has undergone a desk audit will be able to receive reimbursement. The actual reimbursement will depend on how the newly introduced registers will function in practice. Although the norms of the Tax Code of Ukraine do not give preference to any of the registers, it is predicted that in the future such an advantage will be given to taxpayers who fall into the Register of applications that meet the criteria of p. 200, 19 Art. of the Tax Code of Ukraine.

Budget reimbursement from VAT is now aimed at benefiting the payment of monetary obligations or tax debt for other payments made to the state budget. At the moment, fiscal authorities do not yet have positions on this issue, but a systematic analysis of this norm shows that a negative value from VAT can be credited against other taxes (including income tax). Such an amount can be credited by the controlling body to the account of other payments after conducting a desk audit.

Until January 1, 2017, a special tax regime was maintained for agricultural producers. The distribution of the VAT tax liability between the budget and the special account was tied to the type of activity of the agricultural producer.

Based on this research, need to make the following adjustments (Figure 2).

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Figure 2.
Strategic recommendations for enhancing corporate income tax policy in Ukraine.

In more detail, 1) the Ukrainian government should consider periodic reviews of the corporate income tax rate to ensure it remains competitive compared to regional peers. Adjustments may be necessary to stimulate investment and support economic recovery; 2) Implement targeted tax incentives for sectors critical to economic recovery, such as technology, renewable energy, and manufacturing. This could help drive innovation and job creation; 3) Improving tax compliance and administration can increase revenue without raising tax rates. Streamlining processes and reducing bureaucratic hurdles will encourage businesses to comply with tax regulations; 4) Continuous dialogue with the business community and stakeholders is essential to understand their needs and challenges. This engagement can inform more effective tax policies that support growth while ensuring fair contributions to public finances.

By adopting these recommendations, Ukraine can create a more conducive environment for business growth, ultimately leading to enhanced economic stability and prosperity.

The analysis was conducted on the creation and improvement of economic indicators and legal principles of taxation of business entities' income has allowed us to generalize and systematize changes in tax legislation regarding the taxation of business entities' profits. As we can see, during its independence, Ukraine has partially aligned its taxation practice with that of European countries. The main feature of this convergence was the gradual reduction of the tax burden on business entities by establishing tax benefits and reducing tax rates.

In modern economic conditions, the development and formation of an effective tax policy by a business entity will allow reducing the total amount of tax payments and significantly reduce tax risks without violating current legislation. Optimization of tax payments and formation of an effective tax policy by a business entity can significantly contribute to the improvement of management methods, increase the profitability of production, strengthen commercial calculation as the basis for a stable financial condition and stable work of a business entity, and fulfil its tax obligations.

4. Conclusion

Through the exploration of various tax management strategies and the analysis of current trends in tax policy, it is evident that the efficiency of the domestic taxation system can be significantly enhanced. The alignment of Ukrainian tax regulations with international standards and the development of a new model of relations between businesses and fiscal authorities are essential steps towards fostering a transparent and conducive tax environment for sustainable economic growth. Continued research and collaboration between policymakers, scholars, and practitioners are crucial in shaping a fair and efficient tax system that supports the dynamic needs of the business sector in Ukraine. To enhance tax optimization within business entities, it is crucial to develop a comprehensive tax planning strategy tailored to the specific financial and operational requirements of the organization. Regular assessments of tax liabilities should be conducted to identify potential opportunities for tax deductions and credits, thereby reducing overall tax burdens effectively.

Incorporating advanced financial management tools and technologies is essential for streamlining tax assessment and collection processes. The implementation of automated systems for meticulous record-keeping and prompt financial reporting ensures adherence to taxation regulations, promoting efficiency and accuracy in financial operations. Reinforcing internal controls and governance mechanisms is imperative to prevent tax evasion and uphold transparency in financial activities. Establishing clear protocols for monitoring and reporting tax-related endeavors is crucial in mitigating risks associated with non-compliance.

Based on this study, it is recommended to conduct a thorough review of the current tax structure and exploring opportunities for potential tax savings. Implementing a tax management system that integrates financial and legal aspects will facilitate efficient tax assessment and collection processes. Additionally, leveraging digital solutions such as tax management software can enhance the accuracy and effectiveness of tax-related operations within the business entity. By prioritizing these recommendations, businesses can optimize their taxation practices and foster a robust financial framework that aligns with regulatory requirements and enhances financial stability.

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