

ABSTRACT

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Ways to Reform Fiscal Policy as a Component of Economic Stabilization in the EconomyAssociate Professor **Pyvavar I. V.**¹¹Simon Kuznets Kharkiv National University of Economics, Ukraine**Background:**

In the modern economy, the state takes an active part in the activities of market mechanisms, helping to compensate their weaknesses and reduce social tensions in society.

The state has two main tools for stabilizing the economy. These are fiscal and credit-monetary policy. Fiscal policy plays an important role in the overall governance of the economy. It is one of the main instruments of state regulation of the economy, directly related to the state budget, taxes, state cash revenues and expenditures.

In a market economy, fiscal policy is the main part of the governmental economic policy. Fiscal policy as the most important element of financial policy of the state performs a number of important functions, such as attracting the necessary state funds, their distribution, ensuring the use of these funds for arranging socio-economic problems of the country.

Fiscal policy is one of the factors influencing further socio-economic development in Ukraine.

The purpose of the study is to generalize the theoretical principles, substantiate the methodological support and practical recommendations to build fiscal policy of the state for improving society welfare.

Methods:

To achieve the objectives general and special methods of scientific research are used, namely: retrospective analysis; systematic approach and methods of scientific generalization – to determine the economic essence of the fiscal policy of the state for improving society welfare, methods of induction and deduction; situational approach.

Results:

It is determined that the state is able to solve a number of tasks due to the established tax policy, namely: stabilization of the country's economy, employment, creating a favourable climate for investment, developing social infrastructure of regions and the country as a whole. The effectiveness of the country's tax policy is determined by the amount of tax revenues in the dynamics while maintaining the motivation of the enterprise.

It is analyzed that the value added tax (VAT) is one of the main fillers of the budget of Ukraine and the most problematic of all taxes, both in terms of its accounting and from the standpoint of its administration.

It is revealed that the main specific characteristics of VAT can include the following: reflection of tax liability and tax credit – according to the rule of the first of the two events (by the method of accrual or by the cash method); the necessity to draw up a special primary document for the supply of goods (works, services) – tax invoices; the necessity to draw up special forms of reporting – declarations, which are filled out quarterly and others.

Conclusions:

The modern tax system of Ukraine does not fully meet the requirements of the state in general and the participants in the tax process in particular. The imperfection of the system, evasion of payment, corruption, etc. – all this leads to a few problems both at the level of the relationship between the fiscal service and payers and at the level of the state in general. In this regard, the reforming of fiscal policy – is a necessary component of the entire system of governance, and requires immediate and fruitful work on key issues.

Ways of reforming the activities of the tax service:

- 1) in the field of TAX reforming it is necessary to change dramatically the very essence of the tax and increase its revenues;
- 2) in the field of VAT it is necessary to reform dramatically the administration while maintaining the base and principles of accrual;
- 3) in the field of SSC should be abolished, the loss of revenues is compensated by VAT and TAX, as well as a slight increase in personal income tax (PIT), reduction of budget expenditures in relative terms, increase in subsoil fees, excises, property taxes, possibly other sources.

At the same time, it is necessary to reform the fiscal service itself and the principles of its activity; ensure compliance with the law by all parties to tax relations.

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