TAX AUDIT IN THE CONDITIONS OF DIGITALIZATION: CURRENT STATE, PROBLEMS, PERSPECTIVES

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The article examines the peculiarities of the functioning and development of tax audit in the conditions of digitalization. It is noted that the formation of the digital economy involves the active implementation of innovations and information and communication technologies in all types of economic activity and spheres of life, including tax audit. It has been proven that the State Tax Service of Ukraine is actively implementing digital tools in its work with taxpayers. Attention is drawn to the fact that the indisputable advantage of using tax electronic audit is a significant reduction in the time spent on tax audits and an increase in the probability of detecting tax evasion. It is noted that the use of digital tools during tax audits is accompanied by certain problems. Ways to solve them are proposed.

The expediency of developing and displaying in the relevant legislative acts the algorithm of the Standard Audit File for Tax (SAF-T) electronic audit procedure is substantiated, which will increase its effectiveness, quality and reduce the time for its implementation.

Keywords: taxation, tax system, innovative activity, standard audit file (SAF-T), tax electronic audit, consulting, fiscal authorities.

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Statement of the problem. The emergence of tax audit is directly related to the formation and development of the foundations of taxation. In addition, today, the development of tax audit is parallel to the development of the tax system. Even though both taxes and, accordingly, tax audit have existed for a long time, these definitions are constantly changing. However, today these changes are unprecedented, global, and systematic, which is primarily due to total digitalization.

The formation of a digital economy involves the active implementation of innovations and information and communication technologies in all types of economic activity and spheres of life [28], including finance, accounting, and the sphere of public administration and control (auditing). The process of digitalization of tax audit affects several subjects, the main of which are taxpayers, consulting (auditing) companies, and fiscal authorities. Today, accounting by taxpayers mostly takes place with the use of digital technologies. Global shifts towards digital transformation and cloud applications open unprecedented opportunities for tax optimization [25]. Tax audit is also undergoing corresponding digital transformations, which is impossible without transforming a typical tax service into a modern high-tech one, and this requires a certain period of time, resources, and significant efforts. The introduction of innovative digital technologies in tax audit involves the application of strategic changes that lead to saving time, and costs, increasing efficiency, etc. At the same time, digital technologies are a mandatory component of the transformation of the tax service [26].

Analysis of recent research and publications. The study of tax audit issues has always been and is at the center of the attention of scientists, which led to an extremely large number of works on this issue. Thus, K. Nazarova devoted her works to studying evolution, etymology, modern trends, and conceptual vectors of tax audit development [16]. She pays considerable attention to the generalization of approaches to determining the essence of the tax audit, to the development of a conceptual approach to distinguishing the concepts of «tax audit» and «audit of taxes», to the definition of problematic aspects of the further development of tax audit [15]. Kotsupatrii M. M., Novak N. P., and Sarapina O. A. in their works defined the content, features, and theoretical and practical principles of the implementation, improvement, and increase of the effectiveness of the audit of tax reporting of enterprises as the basis of their sustainable and competitive development in the future [13]. M. Luchko and A. Zinkevich substantiated the scientific and theoretical concepts of tax optimization of the company’s activities based on an effective audit of taxes and payments [14]. O. Petryk and O. Bilyachenko carried out a scientific substantiation of the theoretical provisions and developed recommendations for the organization of tax audits of the main national taxes and fees, outlined the main audit procedures that determine the general strategy and plan of the tax audit [19]. N. Petrenko, O. Levchenko, and O. Dmukhovska studied methodological techniques used in the audit of annual financial statements and in the course of a special tax audit; singled out the peculiarities of tax audit procedures and provided their characteristics [18]. N. Karmazina carried out a study of modern approaches to the audit of settlements with the budget and the interrelationship of tasks, methods and procedures used in audit activity. She substantiated the methodological approaches to the development of effective audit procedures using a productive combination of methods, techniques, and ways of auditing.
taxes and mandatory payments to the budget to identify risks of significant distortion at the level of financial reporting [10]. The works of B. Kostyuk are aimed at determining the directions of the stimulating influence of the state tax audit on the level of tax discipline of taxpayers [12]. In his writings, L. Chudak analyzed the work of the State Fiscal Service and its territorial bodies regarding tax audits on issues of compliance with tax, customs, and other legislation and substantiated directions for improving the effectiveness of control and audit measures [22]. The works of M. Shigun and A. Zhuravel are devoted to determining the content of the procedures and features of the legislative regulation of tax audit in the system of interaction between taxpayers, control bodies, and audit companies [24]. In her writings, A. Zinkevich investigated the relevant aspects of legislative regulation and methodical provision of tax audits at the enterprise [8] and substantiated the procedures and stages of tax and payment audits using a survey of the enterprise’s employees [9]. In their works, N. Boreyko and N. Paranytsia deepened the theoretical foundations of the analysis of the modern practice of assessing the effectiveness of the completeness and quality of tax audits by tax service employees [6]. A. M. Novytskyi and N. I. Repekha conducted an analysis of the legal provision of the prerequisites for the formation of doctrinal concepts of electronic audit and the actual legal provision of individual components of the integral audit system [17]. In his writings, I. Podik investigated the possibilities and advantages of auditing in the realities of the pandemic economy and developed proposals for its introduction into the national system of tax audits [20]. In the works of A. Bilichenko and O. Borysenko, separate international practices of conducting e-audit for the implementation of the most acceptable and effective practices in the domestic economy are considered [5]. O. Artyukh in her writings carried out a study of the problematic issues of classification of tax audit principles through modern awareness of significant signs of ordering principles in the control system, taking into account the results of a critical review of scientific approaches. She also realized the essence of control procedures, revealed the specifics of their relationship with the methods and features of the classification of procedures in the field of tax audit; and determined the materiality in terms of tax audit standardization [1–4]. However, paying tribute to the achievements of these authors, despite a fairly significant amount of work on tax audit issues (including in recent years), the issues of the current state of tax audit, problems and prospects of its application in conditions of total digitalization require further research.

The purpose of the article. is to study the current state of tax audit, clarify problematic points and justify the direction of its development in the conditions of digitalization.

Presenting main material. The State Tax Service of Ukraine is actively implementing digital tools in its work with taxpayers. Thus, beginning in 2021, taxpayers have been given the opportunity to use a single account to pay monetary obligations or tax debt from taxes and fees and other payments. At the same time, the taxpayer must submit an electronic notification of the use of a single account and receive a receipt for the Register of taxpayers who use a single account [29]. For VAT payers, the State Tax Service of Ukraine implemented opportunities for accepting and processing tax invoices and calculating adjustments of value and quantity indicators to tax invoices. In general, today taxpayers can use a number of electronic services on the official web portal of the State Tax Service of Ukraine (sfs.gov.ua), the main ones of which are: “Generally accessible information and reference resource”, “Electronic cabinet”, “Learn more about your business partner”, “Qualified provider of electronic trust services”, “Electronic reporting”, “Information from registers”, “Register of individual tax consultations”, “Pulse” [7]. An important element of the tax audit mechanism in the context of the use of digital technologies is the taxpayer's electronic cabinet, which provides an electronic form of interaction between taxpayers and state (in particular, controlling) authorities on the implementation of rights and obligations in the field of taxation. The indisputable advantage of using tax electronic audit is a significant reduction in the time spent on tax audits (one and a half times) and an increase in the probability of detecting tax evasion (up to 90–95%) [7; 11]. Despite all the advantages of digitalization of relations between taxpayers and the State Tax Service, if cooperation in this format exists for the taxpayer, there are risks of certain problems. First, the implementation of digital tax administration requires certain support (technical, qualification), which not all taxpayers have (especially small and geographically remote) [25]. Secondly, there remains an opportunity for abuse of control powers by the State Tax Service of Ukraine [23] and for corruption risks [21]. The lack of necessary personnel and technical support by taxpayers
can be solved by delegating these issues to employees of consulting services. Regarding the possibility of abuse of control powers by fiscal authorities and corruption risks, we consider O. Shapovalova’s proposal to place within the digital platform “Government for Business” a link to the decision in the Register of Court Decisions regarding the recognition by control bodies and activity of their representatives of illegal and (or) their acts are invalid [23]. However, in a situation where the taxpayer turns to the State Tax Service of Ukraine for its solution, a conflict of interest is possible. Therefore, we consider the proposal of E.S. Dmytrenko to be valid regarding enshrining in legislative acts the norms on the right of the taxpayer to apply in such cases to a third side (and not to the State Tax Service of Ukraine), who would record problems with the functioning of electronic services posted on the official web portal of the State Tax Service of Ukraine, and take measures regarding their elimination. Even though tax electronic audit is widely used in practice today, this definition is not fixed at the legislative level. Thus, the Tax Code of Ukraine prescribes electronic verification and outlines its features. At the same time, it is noted that we are talking about electronic verification of taxpayers [27]. Information on its conduct is published on the web portal of the State Tax Service of Ukraine under the heading “Tax Audit”. Therefore, we consider it expedient to write the definition “Tax electronic audit” in the Tax Code of Ukraine. A problematic aspect of the use of digital technologies by the State Tax Service of Ukraine when working with taxpayers and conducting tax audits is information protection. Therefore, to protect the informational rights of business entities as participants in tax relations during the provision of electronic services in the field of taxation, we support the proposal to adopt a specialized act with uniform rules for access to information and the use of electronic documents, ensuring confidentiality and control on the integrity of information [7]. To optimize the conduct of electronic tax audits, in 2005 the Committee on Fiscal Issues of the Organization for Economic Cooperation and Development in Europe (OECD) developed a standard audit file (Standard Audit File for Tax (SAF-T)), which contains accurate data audit, exported from the initial accounting system. Today, the Standard Audit File for Tax is used by most countries of the world. In order to implement the Memorandum, in 2020 the Ministry of Finance of Ukraine developed the Concept of the implementation of e-audit for taxpayers, which provides for the implementation of the main tasks by 2027, namely:

1) the introduction of mandatory submission by large taxpayers at the request of the controlling body during the inspection of the standard audit file (SAF-T UA) and its analysis with the help of specialized software using modern audit techniques – from 01.01.2023;

2) introduction of mandatory submission of the standard audit file (SAF-T UA) by all large taxpayers – from January 1, 2025;

3) introduction of mandatory submission of the standard audit file (SAF-T UA) by all VAT payers – no earlier than January 1, 2027;

4) adoption of relevant changes to the tax legislation [7].

To implement the provisions of the Memorandum and the Concept of the introduction of e-audit for taxpayers, the Ministry of Finance of Ukraine developed Draft Law No. 6255 “On Amendments to the Tax Code of Ukraine regarding the introduction of electronic audits (e-audit)”. The draft law provides for amendments to the Tax Code of Ukraine in terms of the duty of taxpayers to submit to the State Tax Service authorities reliable data exported from the original accounting system on the availability and state of assets, equity, and liabilities, as well as changes in the financial and economic status of the taxpayer taxes for the reporting (tax) year in the form of a standard audit file (SAF-T) within 60 calendar days following the last calendar day of the reporting (tax) year. The emergence of such an obligation for large taxpayers starts from 01.01.2025, and for VAT payers - from 01.01.2027. In addition, Draft Law No. 6255 “On Amendments to the Tax Code of Ukraine Regarding the Implementation of Electronic Audits (e-Audit)” establishes the responsibility of taxpayers for violating the procedure for submitting the standard SAF-T audit file. Despite the sufficient sophistication of the Standard Audit File for Tax (SAF-T) electronic tax audit procedure, the regulatory documents and their projects do not prescribe the algorithm for its conduct. Therefore, we consider it expedient to enshrine at the legislative level the algorithm for conducting a tax electronic audit, which will increase its effectiveness, and quality and reduce the time for its implementation.

Conclusions. The formation of a digital economy involves the active implementation of innovations and information and communication technologies in all types of economic activity and spheres of life, including tax audits. The State Tax
Service of Ukraine is actively implementing digital tools in its work with taxpayers. The process of digitalization of tax audit affects several subjects, the main of which are taxpayers, consulting (auditing) companies, and fiscal authorities. The indisputable advantage of using tax electronic audit is a significant reduction in the time spent on tax audits and an increase in the probability of detecting tax evasion. However, the use of digital tools in tax audits is accompanied by certain problems. Their solution is possible through cooperation with consulting companies and making appropriate changes to legislative acts. Prospects for further research lie in determining the actualities of the tax policy of the economic entity in the conditions of transformation, harmonization, and digitalization in the context of unshadowing of the economy.

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