

Chapter 5

Tax Security as a Determining Factor of Fiscal Sustainability

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5.1. Introduction

For the successful functioning of the state budget system and to ensure the economic sustainability and stability of public finances, it is necessary to achieve a high level of tax security. The optimal level of tax security contributes to increase the fiscal effectiveness and tax system efficiency and the predictability of tax relations between the state and taxpayers with the permissible level of tax burden for them.

The purpose of this chapter was to examine the essence of the term 'tax security', identify its threats, risks, interests and protection mechanisms, evaluate both the indicators that affect the tax security, and the ability of society to avoid these threats and its vulnerability in countering identified threats.

To achieve this goal, it was necessary to solve the following tasks: to systematize the existing theories and concepts of tax security, to determine its economic, social and legal nature; to identify the risks and threats of tax security for the state and taxpayers, to determine a list of indicators for assessing the tax security and set their threshold values.

When considering a large number of threats, they are divided in terms of the state (which charges taxes) and taxpayers (who pay taxes); and depending on the main sources of threats into the economic, legal, organizational, institutional and cultural, as well as psychological and criminal spheres. For each source, the authors identified and analyzed the most important factors of threats of tax security of Ukraine.

The survey was based on an analysis of the existing studies of Ukrainian and international scientists on the essence and nature of tax security over the last 15 years. In addition, to determine both the essence and the concept, goals and objectives, methods and principles of the economic nature of the tax security, the main risks, threats, expectations and results of efficient tax security were identified.

The study applied as the main methods comparison, classification and systematization (tax security risks and threats), and also economic analysis (identification of the level of vulnerability of taxes regarding their impact on the security situation).

5.2. The Genesis of Tax Security Theories

The scientific theories are dominated by the understanding of tax security in its economic and legal form, whose aim is to ensure the harmonization of the interests of taxpayers and of the state, with the observance of the principles of mutual responsibility of subjects of tax relations, fiscal sufficiency and optimality of the tax burden, their ability to withstand tax risks and their invulnerability to threats, resilience and security.

Most definitions are united by the statement that, firstly, tax security characterizes the protection of the interests of taxpayers and the state. Secondly, it is the ability of the system to develop and improve, as well as the regularity of proceeding with tax payments. Thirdly, resilience and invulnerability to threats, namely the ability to manage those, and to eliminate, minimize, accept or ignore their negative impact on tax security subjects (Tab. 5.1).

Table 5.1. Interpretation of the category 'tax security'

Author	Definition
Baranovsky (2017)	an adherence to tax sovereignty, creation of a favourable tax climate by combining fiscal and stimulating functions of the tax system, eliminating tax discrimination and improving the efficiency of tax administration, achieving a high tax rating
Ivanov & Berezhna (2010)	integrated subsystem of economic security, which affects the financial support of all its components: innovation, technological, investment, energy, social, export, import and international integration
Ishchenko (2012); Golikov (2016)	a form of security that must ensure the conditions of interaction between the state, business entities and individuals in order to achieve the principle of mutual responsibility of management
Myskiv et al. (2021)	an integrated subsystem of economic security, which is determined by the presence of an existing tax system, the optimal level of taxation, ensuring sufficient budget filling to perform the state functions, as well as safeguarding the development of the real sector of the economy and social protection of the population
Naumenko (2020)	the security of the system of budget revenue, which plays the most important role in supplying the state treasury
Podik & Goncharov (2017)	the state tax system, which optimizes the tax pressure on business entities, minimizes threats to the interests of business, society and the state, and ensures their protection from the negative effect of globalization processes

Tsybalyuk (2013)	the condition of the tax sphere, characterized by the protection of the interests of subjects of tax relations, stability and economic independence of the tax system, the ability to identify and prevent potential threats in the field of taxation, and the ability of the tax system to fully implement the functions of taxes in order to maximize the coordination the interests of the state and taxpayers
Vyklyuk & Gresik (2013)	the state tax system, which determines the harmonization of taxation and collection of taxes, the effective management of risks and threats arising in the tax sphere, by taking the necessary measures by executive bodies to meet the interests of the state, society and taxpayers

Source: own work based on the literature survey.

The problem of tax security is complicated by the difficulty of harmonizing the interests of taxpayers, in particular by determining the optimal tax burden for them, and the need to provide the state with sufficient tax revenue. Thus, the tax security of the state is determined by the level of taxation in the country, which ensures the harmonization of the interests of the state and taxpayers by justifying their list, ensuring clarity of collection mechanisms and achieving fairness of taxation (Tsybalyuk, 2013).

One can define the tax security as the tax system state, which ensures the protection and harmonious development of the tax system, the ability of tax instruments to protect the national interests, and maintain the socioeconomic stability of society, as well as generate sufficient financial resource for the state and local government, and the successful confrontation with existing threats to the tax system. In the other hand, obtaining the optimal level of tax security the tax system ensures the protection of tax interests of the state, business and society from internal and external threats.

The category of tax security was analysed through its economic, social and legal nature (Golikov, 2016). The economic aspect of tax security means the level of the budget's financial resources, which is affected by a number of factors: the level of economic development, growth of GDP, inflation, the tax burden on economic entities. In this case, the theory of security studies the fiscal effectiveness of a tax, the tax groups of the tax system in general as the main characteristic of the tax system.

The legal aspect applies to the control of the tax system and tax mechanisms, correctness of accrual and timeliness of payment of taxes, and the fairness of taxation for taxpayers. The imperfection of tax legislation significantly increases the risks of the inefficient work of the tax administration and control authorities, which creates the risk of late or incomplete tax payments.

The social aspect reflects the level of protection of interests of government, business entities and individuals, through a fair taxation, tax preferences, and tax sharing between the subjects of the financial system. Tax culture has a direct impact on the tax security because its high level strengthens the security status, and when its level is low, the problems of tax evasion are exacerbated, corruption risks and the growth of the shadow economy appear.

As mentioned by Baranovsky (2017), it is important to take into account the constant desire of taxpayers to minimize their tax burden, therefore, ensuring an optimal security situation is aimed at minimizing conflict tax risks, reducing tax crimes and offences.

In the field of determining the state of tax security, it is necessary to identify the threats that cause it, also to determine the list of tax security indicators and their threshold values, to compare the values of indicators with thresholds and to determine the integral indicator (Fig. 5.1).

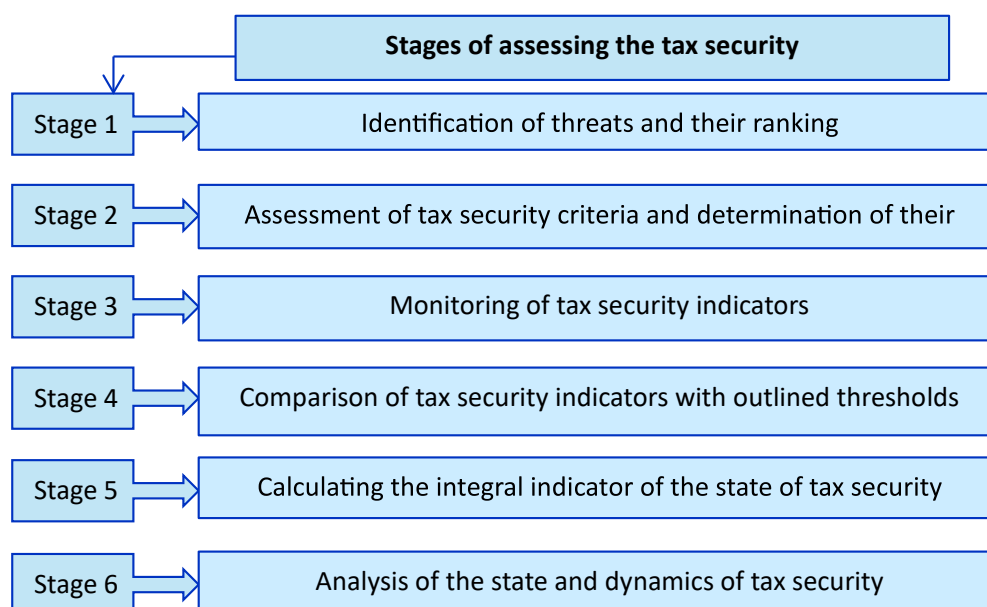


Fig. 5.1. Stages of assessing the tax security of the state

Source: (Myskiv et al., 2021).

Tax security is the guarantor for the budget revenue, stability of financing the budget programmes, and the sustainability of economic development, therefore the tasks for ensuring tax security are: scientific forecasting, detection, prevention, assessment of tax risks, as well as the development of mechanisms for protection (counteraction to threats) of the entire financial system.

5.3. The Essence, Classification and Monitoring Risks and Threats of the Tax Security and Methodological Principles of Its Assessment

In the theory of tax security, it is important to identify sources of potential threats, as well as the available resources to neutralize them. Threats to the tax security are the existing and potentially possible phenomena and factors that pose a significant threat to national tax interests.

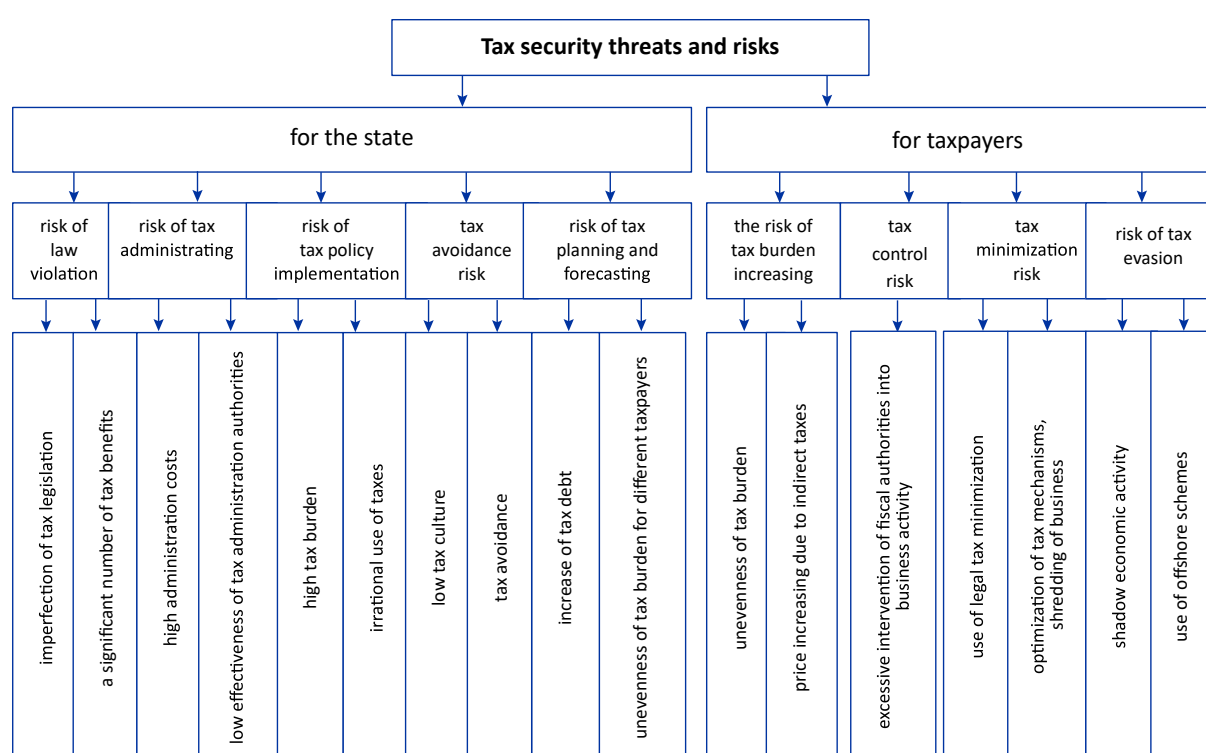
Some authors believe that the main tax security threats are: high tax burden, low level of tax culture, tax evasion, end of business activity, shadow economy, significant and increasing amounts of tax debt, corruption of tax authorities, withdrawal of national capital abroad, tax costs increase, decrease in investment activity, and finally, the lack of trust in the government (Podik & Goncharov, 2017). Some studies classify tax security threats by sources of their occurrence, by levels, degree of probability, types of damage and significance. Golikov (2016) described the state of the national economy and public finances, social characteristics of society and institutional environment as the main sources of threats, for each of the above a number of factors were identified, whose degree of influence is the most critical aspect. To avoid duality, the authors determined the parameters for both the state (which charges taxes) and taxpayers (who pay taxes) (see Table 5.2).

Table 5.2. The main risks and threats for tax security

	Risks	Threats
For the state	<ul style="list-style-type: none"> the inability to obtain the planned tax revenue the inability to perform their functions the increase of the budget deficit due to a shortfall in tax payments the increase of tax offences and abuses 	<ul style="list-style-type: none"> the tax evasion the inefficient use of collected taxes the increase in administration costs the lack of tax culture the constant changes in legislation
For taxpayers	<ul style="list-style-type: none"> tax pressure increase the complexity of the taxation penalties for late payment of taxes, because of the complexity of the tax system the suspension of business 	<ul style="list-style-type: none"> excessive supervision of regulatory bodies unfair amount of tax burden among the various levels of business entities the growth of the shadow economy capital flowing abroad

Source: based on (Golikov, 2016).

Myskiv et al. (2021) described tax security threats and risks, highlighting the following for the state: risk of law violating; administrating risk; risks of tax policy implementation, tax avoidance and tax planning; and for taxpayers – risks of increasing the tax burden; tax control; tax minimization and tax evasion risks (Fig. 5.2).

**Fig. 5.2.** Tax security threats and risks for the state and taxpayers

Source: based on (Myskiv et al., 2021).

Lisovyi (2017) systematized the following groups of threats and risks for tax security: economic; legal; organizational and managerial; institutional and cultural; criminal (Fig. 5.3).



Fig. 5.3. Groups of tax security threats and risks

Source: based on (Lisovyi, 2017).

According to the results of the survey conducted among fiscal service specialists and business representatives from all regions of Ukraine (2020), a total amount of 7090 persons identified a list of threats in the field of fiscal security, the most significant of which include: VAT fraud, 'schemes' for minimizing tax payments, lobbying by government officials of certain groups and companies to promote favourable tax conditions (preferences) for them, shadowing of certain types of business, information attacks to discredit the fiscal system, manifestations of corruption in the fiscal sphere (APPU, 2020).

Other macroeconomic threats are equally destructive in terms of tax security: monopolization of markets and sectors of the economy, decline in production in the country, reduction of the official labour market, labour migration, outflow of labour abroad. Note that the problems for Ukraine have not been resolved yet, such as the activities of 'conversion centres'; racketeering; legalization of 'shadow' income; salary 'in envelopes'; kickbacks in business transactions. The inaccessibility of bank loans and their replacement with alternative resources have become factors in the deterioration of the security situation.

Having identified the list of threats to tax security, the key ones in the process of their analysis are: identification of threats/risks, their evaluation, determination of risk maximum level, vulnerability analysis, capability and resilience. Taking into account the limits of probability and consequences, all risks can be divided into four groups:

- 1 – the most significant ones that require urgent measures to reduce the risk of their spread, i.e. VAT fraud, 'schemes' for minimizing tax payments, and lobbying certain interests in the fiscal sphere;

- 2 – significant risks which require control of the top management: shadowing of certain types of business and corruption in the fiscal sphere;
- 3 – risks which require attention, but not as priority, for example, information attacks to discredit the fiscal system;
- 4 – risks which require control.

In evaluating risks, it is important not only to compare them with limit/optimal values, but also to analyse and formulate the conclusions about the vulnerability of the system in the spread of certain threats in the fiscal sphere. It is necessary to determine whether the system is able to counteract threats and to reduce the level of risk of spreading a particular threat.

The complexity of assessing the level of tax security lies in determining the optimal number and choosing indicators. These include indicators of the budgetary component of security: fiscal burden, and the level of implementation of planned targets; the cost intensity of administration and effectiveness of tax control, and the level of shadow economy; indicators characterizing the tax burden and the level of tax evasion of individual taxpayers (Chuy et al., 2021). At the same time, tax security indicators can be quantitative and qualitative (Lutsenko, 2015).

In this study, indicators of tax security of the state were divided into the following groups: indicators of fiscal and tax burden, the level of collection, the efficiency of administration, and the effectiveness of tax control (Tab. 5.3). However, for the reliability of the results, it was necessary not only to determine the list of indicators, but also to set their threshold values.

The condition of tax security (or tax danger) is determined by the level of deviation of the calculated indicators from their threshold critical/optimal value. The range of characteristic values of tax security indicators is measured from 0 to 1 and divided into six intervals:

- optimal (100% or 1) – a stable and intensive development of the tax system, optimal tax burden, proper level of tax discipline, compliance with the rule of law;
- satisfactory (80% of optimal or 0.8) – a satisfactory state of tax activity, production, investments, finance system, in which sustainable development is possible;
- unsatisfactory (60% of optimal or 0.6) – an excessive tax pressure, a decrease in the level and quality of life of the population, beyond which there is a danger of uncontrolled conflicts of financial, economic, social, labour and of other nature;
- dangerous (40% of optimal or 0.4) – a dangerous level of development of the tax sphere, a significant decrease in the level of tax discipline, abuse, tax evasion;
- critical (20% of optimal or 0.2) – the danger of irreversible destruction of elements of the tax system, the loss of budget resources;
- absolutely dangerous (0% of optimal) – the lack of financial, economic, tax activity, destruction of production, investment, financing, in which independent tax development is impossible.

For the evaluation of the dynamics of various tax security indicators in the absence of weight values of single indicators, it was proposed to determine the integral indicator according to the formulas of arithmetic mean, geometric mean, distance method, and deviation from the optimal level – using standard deviation. The practical use of the integral indicator of tax security involves focusing not only on the fiscalization of budget revenue and determining the optimal tax burden, but also on achieving a higher level of efficiency of tax administration, effectiveness of tax control and cost-effectiveness of withholding control of tax authorities.

Table 5.3. Indicators for tax security assessment

Indicator	Calculation method	Threshold level	Stimulant/ destimulant
Group 1. Indicators of fiscal and tax burden			
Fiscal burden (including social security payments), % of GDP	$\frac{\text{tax revenue of the budget} + \text{Social security payments}}{\text{GDP}} * 100$	≤30	destimulant
Labour burden, % of GDP	$\frac{\text{personal income tax \& charge} + \text{social security payments}}{\text{GDP}} * 100$	≤13.8	destimulant
Total tax burden, % of GDP	$\frac{\text{tax revenue of the budget}}{\text{GDP}} * 100$	≤25	destimulant
The level of concentration of tax revenue in the Consolidated Budget, %	$\frac{\text{tax revenue of the consolidated budget}}{\text{total revenue of the consolidated budget}} * 100$	≥60	stimulant
The level of concentration of tax revenue in the State Budget, %	$\frac{\text{tax revenue of the state budget}}{\text{total revenue of the state budget}} * 100$	≥60	stimulant
Total coefficient of elasticity of tax revenue	$\frac{\text{growth rate in tax revenue}}{\text{growth rate in GDP}}$	≥1	stimulant
Level of shadow economy, % of GDP	determined in accordance with the Methodological recommendations for calculating the level of the shadow economy, approved by the Ministry of Economy of Ukraine	≤30	destimulant
Group 2. Indicators of the level of tax collection (fulfilment of planned tasks)			
Total level of tax collection	$\frac{\text{actual tax revenue of the consolidated budget}}{\text{planned tax revenue of the consolidated budget}}$	≥1	stimulant
Group 3. Indicators of administrating efficiency (cost intensity)			
Result ratio (index of tax administration expenditures, per 100 UAH of tax revenue)	$\frac{\text{expenses for tax administration}}{\text{tax revenue of the consolidated budget}} * 100$	≥1	destimulant
Expenditures on taxes administrating per permanent population, UAH/person	$\frac{\text{expenses for tax administration}}{\text{number of resident population per year}}$	average for the analyzed period	destimulant
Expenses for taxes administrating per economically active population, UAH/person	$\frac{\text{expenses for tax administration}}{\text{number of active population per year}}$	average for the analyzed period	destimulant
Level of taxpayer's debt, %	$\frac{\text{tax debt}}{\text{tax revenue of the consolidated budget}} * 100$	≤5	destimulant
Level of tax integrity, %	$\frac{\text{tax revenue} - \text{taxes additionally accrued to budgets and social funds}}{\text{tax revenue of the consolidated budget}} * 100$	≥95	stimulant
The efficiency ratio of the fiscal authorities	$\frac{\text{taxes additionally accrued to budgets and social funds}}{\text{expenses for tax administration}} * 100$	≥5	stimulant
Group 4. Indicators of effectiveness of fiscal control			
Coefficient of effectiveness of control measures	$\frac{\text{the number of financial sanctions applied}}{\text{the number of taxpayers with the violations}}$	≥1	stimulant
Result ratio of control measures	$\frac{\text{the number of control measures carried out}}{\text{the number of taxpayers with the violations}}$	≥1	stimulant
Quality factor of control measures	$\frac{\text{the number of satisfied appeals/appeals against decisions}}{\text{the total number of appeals/complaints of notification} - \text{decisions}}$	≥1	stimulant
Efficacy factor of control measures	$\frac{\text{the taxes amount collected as a result of control measures}}{\text{taxes additionally accrued to budgets and social funds}}$	≥1	stimulant
Payback ratio of fiscal authorities	$\frac{\text{the taxes amount additionally collected as a result of control measures}}{\text{expenses for tax administration}}$	≥1	stimulant

Source: summarized by the authors based on the literature survey.

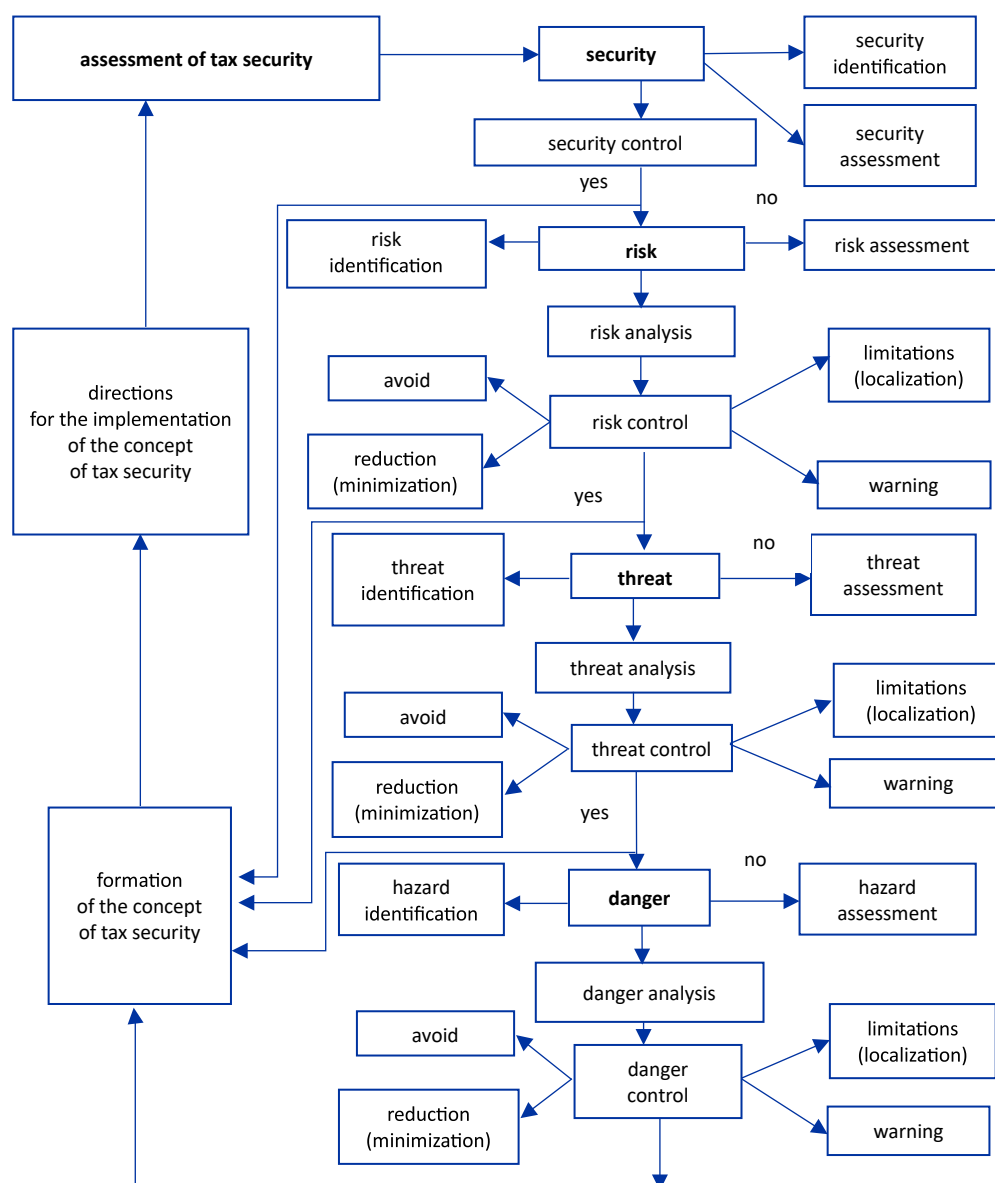


Fig. 5.4. Algorithm of the process of diagnosing tax security

Source: based on (Podik & Goncharov, 2017).

Tax security evaluation includes a certain sequence (algorithm) of its diagnostic process, which allows monitoring, analysing, controlling, auditing the state of tax security and determining vulnerability to negative factors (Fig. 5.4).

5.4. Modelling the Tax Security of Ukraine

To confirm the level of tax security, normalized values of indicators were calculated for each functional component and compared to its optimal values by the stimulant/destimulant criterion and the safety status was determined (Tab. 5.4).

The security status of fiscal and tax burden indicators was at the optimal or satisfactory level. The optimal fiscal burden level was exceeded, the security status deteriorated from 0.915 to 0.880; however, the security situation according to the tax burden indicator reached 0.965.

Table 5.4. Normalized values of tax indicators of Ukraine

Indicators	Years							Security status
	2016	2017	2018	2019	2020	2021	2022	
Fiscal burden (including social security payments) (% of GDP)	0.915	0.888	0.880	0.888	0.906	0.906	0.880	optimal
Total tax burden (% of GDP)	0.916	0.899	0.903	0.929	0.929	0.936	0.965	optimal
The level of concentration of tax revenue in the Consolidated budget (%)	0.722	0.737	0.720	0.723	0.726	0.686	0.976	satisfactory (2016-2021); optimal (2022)
The level of concentration of tax revenue in the State budget (%)	0.733	0.759	0.739	0.749	0.759	0.703	1.130	satisfactory (2016-2021); unsatisfactory (2022)
Total coefficient of elasticity of tax revenue	1.410	1.090	0.980	0.730	1.010	0.960	1.600	optimal (2016-2018, 2020, 2022); satisfactory (2019)
Level of shadow economy (% of GDP)	0.909	0.938	1.034	1.071	1.000	0.938	n/a	optimal
Total level of tax collection	1.026	1.005	0.996	0.962	1.019	1.037	0.843	optimal (2016-2021); satisfactory (2022)
Result ratio (index of expenditures on tax administration, per UAH 100 of tax revenue)	1.041	0.981	0.828	0.913	0.970	0.984	1.046	optimal (2016-2017, 2019-2022); satisfactory (2018)
Expenditures on tax administrating per permanent population (UAH/person)	1.757	1.297	0.914	0.921	0.914	0.722	n/a	optimal (2016-2020); satisfactory (2021)
Expenses for tax administrating per economically active population (UAH/person)	1.749	1.279	0.918	0.939	0.915	0.715	n/a	optimal (2016-2020); satisfactory (2021)
Level of taxpayer's debt (%)	0.467	0.455	0.485	0.427	0.549	0.685	0.463	dangerous (2016-2020, 2022); unsatisfactory (2021)
Level of tax integrity (%)	1.006	1.019	1.016	1.004	1.036	1.006	1.037	optimal
The efficiency ratio of the fiscal authorities	0.900	0.620	0.580	0.840	0.300	0.860	0.300	optimal (2016, 2021); unsatisfactory (2017); satisfactory (2019); dangerous (2020, 2022)
The integral tax security index								Security status in 2021; trend for the period 2016-2021
Arithmetic mean method	1.042	0.920	0.846	0.854	0.849	0.857	n/a	satisfactory, decline
Geometric mean method	0.982	0.888	0.827	0.835	0.811	0.847	n/a	optimal, decline
Distance method	1.330	0.878	0.811	0.780	0.926	0.696	n/a	satisfactory, decline
Standard deviation	0.026	0.081	0.169	0.186	0.180	0.219	n/a	growth indicates a decrease in the security status

Source: own study.

Exceeding the optimal values for the indicator, the level of concentration of tax revenue in the state and consolidated budget revenue reflects a satisfactory status of security, but may entail the possible minimization of taxation by taxpayers through various avoidance/evasion schemes. The improvement of these indicators took place due to the reform of local self-government and the redistribution of financial resources in favour of local budgets. The process of 'unshadowing' the economy was positive, which was confirmed by the optimal level of security according to this indicator in 2018-2020, but its increase in 2021 indicated a deterioration of the situation. In 2022, the failure to meet the planned tax targets amounted to 14.7%, which is due to the military operations on the territory of Ukraine.

The security status in terms of elasticity coefficient was at an optimal level, and in 2019 – at a satisfactory level. Due to the level of fulfilment of the planned indicators for tax revenue in the range of 96.2-103.7% in 2016-2021, the security status was optimal and does not entail threats of underfunding of budget expenditures.

According to indicators that reflect the effectiveness of tax administering and its cost, most remained in the satisfactory and unsatisfactory zones. The optimal state of security was typical for the result ratio of the fiscal authorities in 2016-2017 and 2019-2020, the level expenditures on tax administering per permanent and economically active population (2016-2017), the level of integrity of taxpayers for the whole analysed period and the efficiency ratio of the fiscal authorities (in 2016, 2021). However, the dangerous level regarded the level of tax debt (from 42.7% to 68.5%), and the efficiency ratio of the fiscal authorities ranged from 30% (2020, 2022) to 58% (2018).

The calculated integral indicators of the tax security level in Ukraine using different methods allowed for the following conclusions:

- the tax security indicator calculated by the arithmetic mean method decreased from 1.042 to 0.857, the security status was optimal;
- the security indicator calculated by the geometric mean method decreased from 0.982 to 0.847, the security status was optimal;
- the security indicator calculated by the distance method decreased from 1.330 to 0.696, and the security status deteriorated from optimal to unsatisfactory;
- an increase in standard deviation from optimal/safe zone from 0.026 to 0.219 indicated a decrease in the level of security.

The authors calculated the total integral indicator of tax security of Ukraine (I_{integral}) (Fig. 5.5). It decreased during 2016-2020 from 0.994 to 0.864, but in 2021 compared to 2019 increased to 0.896, due to the higher level of tax collection (k_2) and the administration authorities' efficiency (k_3).

Thus, the integral indicators of tax security of Ukraine, calculated by different methods, showed the same trend for the analysed period: the deterioration of the security situation, whilst its level was on the verge of an 'optimal' value during 2016-2021; in 2021 only the distance method showed the proximity to the 'safe' value classified as the 'unsatisfactory' state.

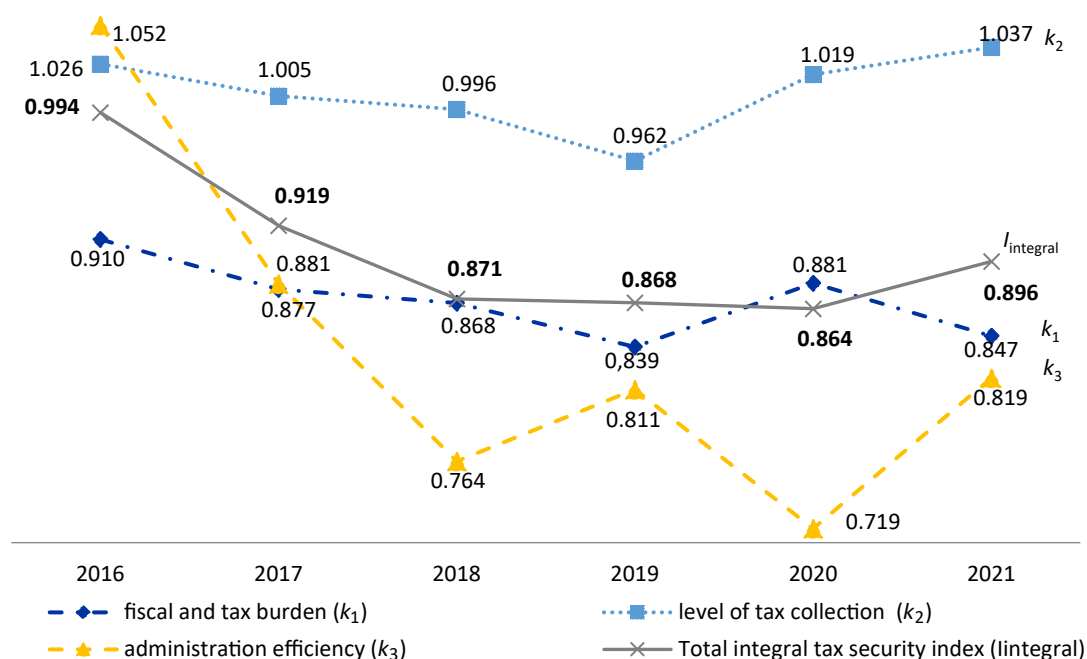


Fig. 5.5. The integral tax security indexes in Ukraine, 2016-2021

Source: own study.

5.5. Conclusions

Tax security is defined as the security status of the fiscal interests of the state, enterprises and citizens, the ability of the tax system to perform its functions in a timely manner, adequately respond to challenges, counteract risks and threats from external and internal spheres. The identified threats to tax security included: uneven tax burden on labour, consumption or property/resources/capital; shadow economy and corruption; significant level of tax debt; low efficiency of tax administration and control measures, high cost of maintaining fiscal authorities; frequent changes in tax legislation; significant amount of tax evasion.

The methodology of assessing tax security, based mainly on determining fiscal burden, level of fulfilment of planned tasks, efficiency of administration and effectiveness of control, was supplemented by assessing the workload of fiscal employees, administration costs, and uniformity of revenue, which made it possible to determine the integral indicator of tax security.

The analysis and evaluation of the tax security indicators in Ukraine showed the excessive fiscal and insufficient incentive orientation of taxes, especially labour taxes; excessive increase in the administration cost and fees compared to the growth of budget revenues and GDP; low effectiveness of control measures of the State Fiscal Service, growth of tax debt and its write-off deemed 'hopeless', shortcomings in the VAT refund system, low level of investigation of tax crimes and uneven tax burden on individuals and enterprises.

Due to the calculated tax security indicators in Ukraine for 2016-2022, the positive dynamics of payment integrity, effectiveness and tax elasticity were identified, whereas the critical situation in terms of administration costs, the level of tax debt and the total tax burden have increased. Hence, according to most indicators of the fiscal burden, the state of tax security

was optimal and satisfactory, and according to the level of implementation of the plan – optimal, whilst in terms of efficiency of administration and cost intensity – both satisfactory and unsatisfactory. The calculated integral tax security indicator in Ukraine decreased from 99.4% in 2016 to 89.6% in 2021, with negative dynamics.

The analysis and evaluation of tax security indicators in Ukraine showed:

- the excessive fiscal and insufficient incentive orientation of taxes, especially labour taxes;
- the excessive increase in the administration cost and fees compared to the growth of budget revenue and GDP;
- the low effectiveness of control measures of the state fiscal service, growth of tax debt and its write-off deemed hopeless, and shortcomings in the VAT refund system;
- the low level of investigation of tax crimes and uneven tax burden on individuals and enterprises.

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