Mechanism of Tax Consulting in the Management of the Tax Component of Enterprise Economic Security

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Abstract. *The article considers the mechanism of tax consultancy as an important element of the management of the tax component of the economic security of an enterprise, which is particularly relevant in the context of constant changes in tax legislation and growing requirements for transparency of financial statements. Tax consultancy is a complex process of providing companies with qualified assistance in the field of tax planning, optimisation of tax liabilities and management of tax risks. It is substantiated that tax consulting not only helps to reduce the tax burden, but also ensures compliance of the company's tax policy with the requirements of current legislation, which, in turn, is a guarantee of long-term stability and financial sustainability of the company. The article examines the structural elements of the tax liability management mechanism, which include tax planning, ensuring conditions for timely and correct calculation of tax liabilities, as well as organisational and control components. Particular attention is paid to the analysis of the tax planning process as one of the key stages of tax consulting. It is determined that effective tax planning allows an enterprise to optimise the structure of income and expenses, thereby reducing the tax burden and ensuring the rational use of financial resources. This paper considers the methods of ensuring compliance with tax reporting requirements as an important factor in the process of tax consulting. The function of tax consultancy in the formulation and execution of strategies designed to mitigate tax risks and enhance the efficacy of enterprise financial management is established. The necessity of utilising contemporary information technologies in the domain of tax consulting is underscored, as this enables the enhancement of the precision and efficacy of managerial resolutions pertaining to taxation. It can be concluded that effective tax consulting plays a pivotal role in enhancing the economic resilience of an enterprise. It serves to fortify the enterprise against external and internal threats, including those posed by shifts in the tax environment and economic challenges.*

Keywords: *tax consulting, economic security, tax planning, tax risk management, tax accounting.*

JEL Classification: *F52, H20, L10, M4, M53*

1 Introduction

The mechanism of tax consulting in the management of the tax component of economic security for an enterprise is a complex and multifaceted system that requires a comprehensive understanding of tax legislation, finance, accounting and economics. The objective of this mechanism is to guarantee the effective functioning of the enterprise in the context of evolving legislative conditions, while mitigating the risks associated with tax liabilities. The tax component of a company's economic security encompasses a multitude of considerations, including the accurate calculation and disbursement of taxes, adherence to tax regulations, the minimisation of the tax burden and the avoidance of penalties. In today's environment of frequent and complex changes in tax legislation, companies need the qualified support of tax advisors to avoid mistakes and ensure the stability of their financial position. The tax consultancy process begins with a thorough analysis of the company's existing tax policy. Consultants carefully evaluate all aspects of the company's activities from the point of view of tax legislation, analyse financial statements and check the correctness of tax calculation and payment. Such analysis enables to identify weaknesses in the company's tax policy and suggest ways to eliminate them. One of the key aspects of tax advice is the development of a tax optimisation strategy. Optimisation can include both legal ways of reducing tax liabilities, such as using tax incentives or changing the corporate structure, and ensuring that tax accounting is as compliant as possible with the requirements of the law. Tax advisers may recommend the use of various optimisation schemes, such as reorganising the company, transferring part of its activities to other jurisdictions or using offshore companies.

The purpose of the article is to decompose the mechanism of tax consulting in the management of the tax component of economic security of enterprise. Achieving this goal is based on solving the following tasks:

– To consider the tax liability as an object of management of the tax component of economic security of an enterprise;

– to determine the peculiarities of forming tax liabilities in the tax accounting system of an enterprise.

The research methods employed were those of the general scientific method, including synthesis, induction, deduction, and generalisation, as well as specialised methods such as system analysis and critical evaluation.

2 Tax Liability as an Object of Management of the Tax Component of Economic Security of an Enterprise

The conduct of taxpayers in matters pertaining to taxation is governed by objective legislation, which establishes the parameters for the utilisation of financial decision-making processes involving tax optimisation techniques, as well as the conditions of interaction with tax authorities. This circumstance provides the rationale for the active involvement of tax consultants in the process of managing a company's finances. This involvement is aimed at improving the level of forecasting future cash flows, forecasting the impact of tax liabilities on financial results and the effective tax rate. Among these patterns is the necessity to achieve managerial efficiency, which has been actualised by the threat of a post-crisis recession. The objective of rational enterprise management is to prevent unjustified economic losses. In this regard, the assessment of financial and economic management processes as a component of risk management within the framework of tax consulting procedures allows for the identification and timely neutralisation of risks associated with tax law violations (Hurina & Hurin, 2024). Taxpayers, particularly the largest public enterprises, which proactively attract investments and are contingent on market conditions, can be significantly susceptible to the dissemination of information regarding losses, including those resulting from alterations in tax legislation or supplementary charges based on the outcomes of tax audits. This factor contributes to the involvement of professional tax advisors to reduce the uncertainty of tax rules, particularly given that accounting standards for tax liabilities (e.g., IFRS 12, FIN 48 in the US) require the disclosure of uncertainty in tax liabilities and expected tax consequences that may arise in the future based on events that occurred in the reporting period. Complex and poorly drafted tax laws that do not take into account the specifics of a business or the organisational structure of a business model also contribute to uncertainty. The high level of uncertainty leads taxpayers to seek to increase their awareness and revise their tax strategies in the event of a negative outlook for tax-risky business transactions and arrangements. These intentions ensure a constant need for tax advice.

The considerable influence of tax liabilities on corporate profits and the prevalence of high tax risks have prompted a shift in the tax culture of public companies towards more collaborative engagement with tax authorities. Large taxpayers are demonstrating a growing interest in achieving certainty of tax liabilities in a timely manner. This allows them to achieve predictability of cash flows and to reflect the impact of taxes on financial statements in a timely manner.

From the perspective of taxpayers, tax expenditures are perceived as operating expenses, analogous to wages and other costs associated with business operations. This perception of taxes as part of a business's overall drive to reduce operating costs leads large enterprises to prioritise the achievement of a low or relatively low effective tax rate, particularly in comparison to other companies in the same industry. The level of the effective tax rate, along with other indicators used to characterise the degree of shareholder value creation, is not the sole focus of attention of the company's accounting department and management. The effective tax rate is subject to close monitoring by analysts, rating agencies and institutional investors (Tytenko & Bohdan, 2019).

The involvement of tax advisors helps to resolve important issues related to the management of the level of tax liabilities of companies, including ensuring compliance with tax legislation, tax accounting, advisory support for ongoing business transactions, tax planning and the resolution of tax disputes. Thus, tax consulting plays an important role in the management of tax liabilities (Figure 1):

It is advisable to distinguish four structural elements in the mechanism of the company's tax liability management: tax planning, ensuring the conditions for the calculation of tax liabilities, organisational and control components. Each element works in interaction with the others, and the involvement of tax advisory services makes it possible to increase not only the efficiency of each individual component, but also their joint impact on the level of tax liabilities in order to minimise tax risks.

Corporate tax planning, which is an integral part of the financial management of organisations, is aimed at minimising (optimising) the taxpayer's taxes by using various methods to reduce (optimise) tax liabilities on a legal basis, in particular by transferring capital, property and income to offshore zones and territories with a more lenient tax regime through the effective use of preferential taxation instruments established by law and legal loopholes in taxation. As a rule, the main objective of tax planning is to optimise tax liabilities.

Thus, some authors consider tax planning as an integral part of management of financial and economic activities of a business entity within the framework of a unified strategy of its economic development, which is a process of systematic use of optimal legal tax methods and techniques to establish the desired future financial condition of the object in the conditions of limited resources and the possibility of their alternative use. Precise clarification of the content of the categories, which are the manifestations of taxes in business practice, contributes to the reasonable and uniform application of the legal regulations determining the taxpayer's private property rights.

The main methods of tax planning include the following:

– Application of tax planning tools, including the use of tax benefits, exemptions and preferences;

– forecasting the tax base, tracking trends in its change and analysing the reasons for such changes;

– consideration of external and internal environment factors (tax risks, performance criteria and indicators of financial and economic activity);

– use of instruments of organisational and legal regulation (form of ownership, contractual and marketing policy);

– structuring of contractual terms and conditions in terms of forming elements of tax liabilities;

– accounting instruments (accounting policy);

– financial instruments (tax payment schedule).

The role of the tax advisor in the implementation of tax planning is to assist in the choice of the optimal tool and to justify this choice, taking into account the risks involved in its use. The strategy and tactics developed in tax planning should be backed up by compliance with the conditions for calculating tax liabilities in order to optimise them.

A tax liability arises on the basis of a tax obligation, according to which a taxpayer must comply with all the necessary requirements for the calculation and payment of taxes, and the state, represented by authorised bodies, has the right to demand that the taxpayer fulfil this obligation.

A tax liability can be described as the taxpayer's participation in tax relations, consistently

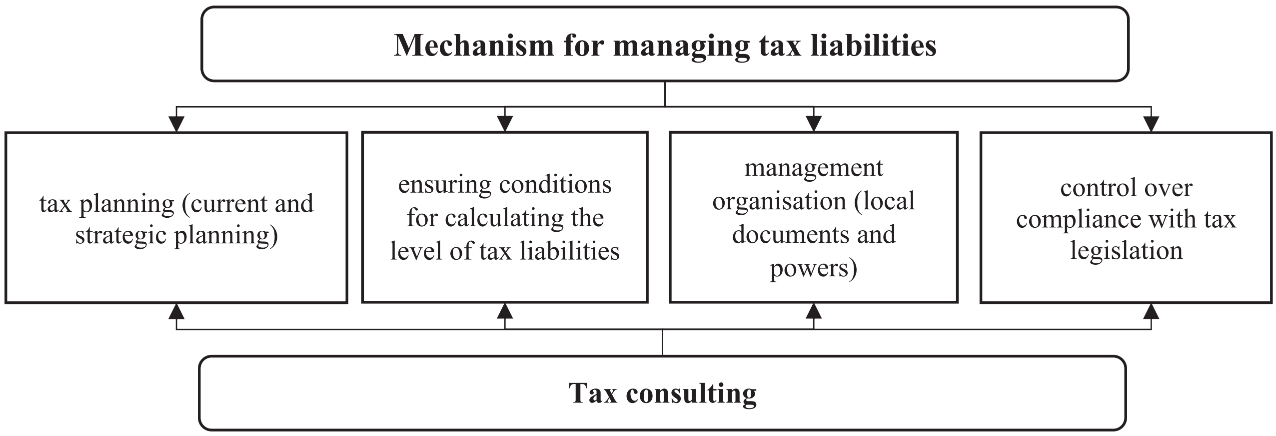

Figure 1 Mechanism for managing tax liabilities

Source: compiled by the authors

implemented in accordance with the requirements of the law, in five successive stages, one of which is the determination of the amount of the tax liability (Table 1).

A tax obligation is characterised by an abstract manifestation that does not always lead to the creation of a tax liability. A tax liability, on the other hand, must be clearly defined in terms of both amount and conditions of settlement. A tax liability arises from certain economic facts and is objectively embedded in distribution relationships. Its economic content lies in the indirect distribution of property created by the exchange, as well as in the transfer of property in cash, which makes it possible to include elements of civil law regulation in tax relations.

Tax liabilities have a special character in that a taxpayer's obligation to pay taxes does not arise from a contract, but from a law that determines the priority of public interests. As a result, the parties to the tax obligation are unequal, and the state, represented by the tax authorities, has much more power to protect its economic interests. At the same time, the contractual approach to tax relations denies the unilateral nature of the tax obligation, which is manifested in the institutional consolidation not only of the tax obligation but also of certain rights of the taxpayer, which allows him to effectively counteract the illegal actions of the tax authorities.

3 Peculiarities of Tax Liability Formation in the Company's Tax Accounting System

Not only the taxpayer and the tax authorities, but also tax agents, banks, processing centres, notaries and registrars, and other informants are involved in the creation and fulfilment of tax liabilities. The procedural nature of a tax liability, which arises for a taxpayer under certain legal conditions as a result of the identification of a taxable item, determines a clear sequence of application of tax elements or conditions for calculating a tax liability.

Thus, tax liabilities are inherently process-based, their formation is multi-stage and sequential, and the conditions for their fulfilment are clearly defined at the legislative level. Accordingly, a tax liability can be defined as the amount of tax payable to the relevant budget no later than the deadline established by law, calculated by applying the tax rate to the taxable base.

The specific nature of a tax liability necessitates a precise delineation of its constituent elements. This, in turn, defines the role of tax consulting in the determination and fulfilment of such liabilities, particularly in cases that are not explicitly regulated at the legislative level. The legitimacy of the actions and recommendations of a tax advisor concerning the methodology for calculating a tax liability is contingent upon a comprehensive grasp of the fundamental attributes of the basic elements

Table 1 Characteristics of the stages of realisation of tax liabilities

No.	Stage	Stage characteristics
1	Occurrence	1) Status of the payer; 2) availability of the object of taxation; 3) compliance with the conditions for establishing the tax (completeness of mandatory elements of the tax).
2	Evaluation	1) Determination of the amount of tax liability; 2) determining the term of fulfilment of the tax liability.
3	Change	1) Adjustment of the conditions of application of the law; 2) expiration of the limitation period; 3) write-off of amounts not paid in accordance with the established procedure by agricultural organisations undergoing financial rehabilitation.
4	Termination	1) Payment of tax (fulfilment of obligation); 2) death of an individual taxpayer (except for property taxes); 3) liquidation of a taxpayer-organisation (after completion of settlements with the budget by the liquidation commission) liquidation commission); 4) write-off of uncollectible debts.
5	Execution	1) By the form – independent or compulsory (sending a demand for payment of the debt, recovery at the expense of the taxpayer's funds or property in an indisputable or judicial manner); 2) by duration – within the established period or ahead of schedule; 3) by terms – submission of a payment order to a bank if there is a sufficient balance, withholding by a tax agent or payment of funds.

Source: compiled by the authors

of the tax. This enables the identification of the tax liability and the presentation of options for its rational fulfilment.

In order to ascertain the status of a taxpayer, it is essential to consider the legally established rule of personal fulfilment of the obligation. In other words, the tax liability imposed on a Russian organisation cannot be transferred to its structural subdivisions (such as branches, representative offices and other separate subdivisions, which are nevertheless obliged to pay a few taxes on behalf of the organisation at its location). Nevertheless, this rule does not apply to foreign organisations, branches and representative offices, which are treated in Ukraine as independent entities for tax purposes.

The differentiation of grounds for tax liability necessitates a precise definition of the tax object, which is defined as an economic phenomenon or legal fact that serves as the foundation for the taxpayer's obligation to pay tax (Kraievskyi, Kostenko, & Skoryk, 2022).

The direct quantitative calculation of tax liabilities is achieved by applying the specified tax rate to the relevant tax base. As a general rule, preferential tax rates present a challenge for taxpayers, as they must first demonstrate the legitimacy of applying such a rate in each case. Additionally, if different tax rates are applied, it is essential to ensure the separate accounting of the tax base. The tax advisor is then responsible for analysing the legitimacy of the taxpayer's actions and proposing measures for the optimal implementation of the legislatively established norms (Zhydieieva & Kolisnyk, 2020).

A special place in the work of a tax advisor is occupied by the problems of the taxpayer's use of preferential taxation mechanisms. The use of tax benefits is a right of the taxpayer, which he must prove with documents, for which the tax authorities have the right to demand calculations, certificates and necessary explanations. The intricate nature of the tax regulations frequently entails significant risks in the event of erroneous utilisation of tax benefits. Therefore, the engagement of a tax advisor to assist in ensuring compliance with the essential conditions of a tax benefit is an effective strategy for the protection of a company's interests.

Compliance with the rules for calculating tax liabilities is ensured by specialised tax accounting, i.e., a system of information support and summarisation of information for tax purposes. The tax accounting system is characterised by an individual approach that takes into account the specifics of the taxpayer's activities, its organisational structure, sector-specific aspects of tax legislation, and the geographical location of the company.

4 Conclusions

The correct determination of the taxable object allows planning the further development of the tax liability. The object of taxation may be transactions for the sale of goods (works, services), property, profit, income, costs of sold goods (works, services) or any other object that has a cost, quantitative or physical characteristic. It should be noted that, in accordance with the principle of unified taxation, each tax must have an independent taxable subject.

The characteristics of certain objects formulated in tax legislation differ from similar concepts used in civil law. The main differences include the following

– The special status of property rights that are not identified with property for tax purposes; in civil law, property rights are equated with property;

– recognition of a gratuitous transfer as a sale; in civil law, a sale implies the receipt of income as a result of a sale and purchase agreement;

– definition of certain income in accordance with special provisions of the tax legislation, in particular, extension of the conditions for qualification of dividends not only to income from the authorised capital, but also to any other income received by owners after payment of income (profit) tax; recognition of non-interest income (discounts) as interest.

The mechanism of tax liabilities management comprises an organisational and managerial element, which encompasses a specific structure for the management of tax liabilities. This may take the form of a dedicated tax department or other unit with the requisite functions of calculating taxes, controlling the timeliness and completeness of their payment, and interacting with tax authorities. Furthermore, a set of local regulations is included, comprising an accounting policy for tax purposes. This describes the procedures for documenting the facts of business activities for the purpose of calculating tax liabilities, summarising the results of tax accounting, and coordinating the activities of various structural units of the company in order to prepare tax reports.

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