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**BUSINESS TAXATION:  
A TRANSACTION COST THEORY PERSPECTIVE<sup>1</sup>**

In the paper, the relevance of using transaction cost theory for analysis of different aspects of business taxation is demonstrated. In particular, the transaction cost framework is used for explaining the economic essence of taxes and for analyzing transaction costs arising from the interaction between business and government in the tax sphere. The importance of measuring tax transaction cost is shown and methodological implications are discussed. The results of the Doing Business cross-country surveys related to the relative ease of paying taxes in different economies are analyzed and compared with data of the in-depth country-specific survey «The Costs of Tax Compliance in Ukraine». The

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relationship between the ease of paying taxes and country's economic performances is established. Problems underlying the development of a congruent and efficient tax system, meeting the needs and priorities of a certain society are discussed.

**Key words:** tax, transaction cost theory, tax transaction costs, compliance costs, government regulation.

**JEL Classification:** B52, D02, H26, L50.

**Problem setting.** The social and economic development of any society depends to a great extent on the effectiveness and the efficiency of the national tax system. Problems in the sphere of taxation may create substantial obstacles to business development, obstruct investment processes, in particular by deterring foreign investors, and thus impede economic growth. On the other hand, successful reforms of the tax system may make a country an attractive investment destination both for foreign and domestic investors and create favorable conditions for sustainable economic growth.

To develop an effective and efficient tax system, one must have a clear and profound understanding of the economic essence of taxes and taxation-related phenomena. Taking into account that taxes play multiple roles in the economy and taxation is a multidimensional phenomenon, they can be studied from different perspectives, within different methodological frameworks. One of the promising approaches to studying economic phenomena is the transaction cost theory approach, which is part of a wider fast-growing interdisciplinary field – new institutional economics.

**Analysis of recent research and publications.** The idea, although not the term, of transaction costs was first introduced by Coase in the late 30s. According to Coase (1937), there exists «a cost of using the price mechanism», which includes «that of discovering what the relevant prices are, ...the costs of negotiating and concluding a separate contract for each exchange transaction» (p. 390–391). Despite the early introduction of the idea, it was not until the 70s that the concept of transaction costs was taken up and turned into a useful analytical tool by Williamson, Arrow, Alchian, Demsetz (Klaes, 2000).

Transaction costs must be distinguished from production costs. Polski (2003) defines transaction costs as the sum of the costs associated with exchange and contracting activities and points out that they are distinct from the costs of producing goods and services which have a fundamental economic value. In fact, there are plenty of different definitions of transaction costs. Some authors treat this concept very broadly, making transaction costs a catch-all term. For example, according to Arrow (1969), transaction costs are the costs of running the economic system. Such broad interpretation of transaction costs expands the scope of economic and social phenomena that can be analyzed using this concept.

Indeed, transaction cost theory has a great potential for explaining a wide range of social phenomena and has been successfully applied to the analysis of government regulation of business activities. De Soto's path-breaking ideas on the costs of formality, i.e. costs associated with operation within the formal sector of an economy, have attracted much attention to the problem of the costliness of interactions between business and government, spurred studies on the favorability of the regulatory environment for business development and incentives for businesses to stay legal or, on the contrary, to go informal. In his famous book «The other path» De Soto (1989) analyzes the roots of the informal economy in Peru. He shows that it is high costs of business legalization that lead to the emergence of a large informal (illegal) business sector in the Peruvian economy. De Soto proposes a classification of costs on the basis of where they are incurred – in the legal economy or illegal one. The costs related to the operation within the legal sector are called the price of obeying the law and reflect how costly a law-abiding behavior is. The other group of costs constitutes the price of illegality and comprises costs that are generated as a result of an informal status of business (De Soto, 1989). Thus, when choosing between getting legal status and operating in the shadows, businesses weigh advantages and disadvantages of both options in terms of costs. Although de Soto does not use the term «transaction costs» because relations between business and government in the regulatory sphere do not belong to market transactions for which the term had been originally applied, his ideas led to extending the concept of transaction costs to contracts in the non-market sphere, in particular to business-government interactions in the regulatory sphere, which possess all the inherent characteristics of contractual relations.

Transaction costs incurred by businesses, which arise from the interaction with government agencies, can be rather high, making the regulatory environment non-conducive to business development, reducing incentives for entrepreneurship and/or giving rise to an informal (shadow) sector. Viewing the obstacles to business development through the lens of transaction cost theory helps better understand the nature and scope of problems, devise and implement effective regulatory policies.

To improve a regulatory environment, it is not enough to have a conceptual framework and understand the origin of problems qualitatively. A. Benham and L. Benham (2000) have pointed out the necessity of empirical studies of transaction costs – their structure and magnitude, in particular measuring costs arising due to the government regulation of business. A lot of empirical research has been done to measure transaction costs related to different aspects of business regulation, including country-specific studies (e.g. Zylbersztajn et al., 2007; Nashchekina & Timoshenkov, 2004, 2006) and cross-country comparisons (e.g. the Doing Business and the Enterprise Surveys projects of the World Bank Group).

Government regulation of business has different dimensions, one of which is business taxation. Transaction costs theory can be applied both to explain the economic meaning of taxes and to assess the efficiency of business-government interactions in the tax sphere.

Transaction costs in the tax sphere have been studied by Pope (1998), Eichfelder and Vaillancourt (2014, 2016), Coolidge (2012), to name just a few. It should be noted that the authors often avoid using the term «transaction costs», however, what they examine and measure are the costs of business-government interactions in the tax sphere. Most studies focus on the costs incurred by business – the costs related to compliance with tax regulations, whereas there are other aspects of taxation which can be analyzed within the framework of transaction costs theory.

**Paper objective.** The purpose of this paper is to show the relevance of using the transaction cost theory approach for explaining the economic essence of taxes as well as for analyzing various economic and social phenomena in the tax sphere and the costs arising from the interaction between business and government with regard to taxation. We will also summarize factors that affect the level of tax transaction costs using the data from comparative cross-country studies as well as in-depth studies of the Ukrainian tax system; discuss methodological issues in the tax transaction cost measurement and implications of a transaction cost approach for the development of an effective and efficient tax system.

### **The main material presentation.**

**1. Taxes as transaction costs.** We will start with less obvious and even disputable at first glance application of transaction cost theory to the tax-related issues, which consists in treating taxes themselves as transaction costs incurred by business. Returning to Arrow's (1969) definition of transaction costs («the costs of running the economic system»), we can assume that transaction costs include everything but for production costs. Since such a broad interpretation of transaction costs opens the way for «transaction cost imperialism», let us justify the relevance of treating taxes as transactions costs.

Since below we will use the concept of transaction costs to describe quite different aspect of business taxation, to avoid confusion, let us clarify the meanings of terms. First, by taxes we mean the amounts of money businesses pay to the government. Second, transaction costs (costs of exchange) incurred by business can be related to market transactions, i.e. trading of goods or services through market, and non-market transactions, which in our case represent contractual relations between business and government associated with business taxation (paying/collecting taxes). In this paragraph we will not discuss the transaction costs arising from business-government interactions but will show why taxes can be interpreted as part of transaction costs associated with business activities (market transactions).



It is known that the effectiveness and efficiency of business activities in any economy depend to a great extent on transaction costs that accompany market transactions. These costs are comprised of the costs of searching for information about potential business partners, prices, etc, costs of negotiating contract terms, costs of monitoring the performances of the parties within the contract and costs of enforcing the contract terms.

Government has a potential for affecting (reducing) the level of transaction costs in an economy by providing so-called transaction goods which belong to public goods. More specifically, government creates a formal institutional framework, in which market transactions take place. In particular, it ensures the registration and protection of property rights, provides information on property owners. It is important because business contracts often involve property rights transfer, and if those rights are not clearly defined and safely protected, a transaction may not occur because transaction costs (e.g. enforcement costs) anticipated by potential parties to the transaction are too high. Government also provides legal instruments for contract enforcement. In the absence of such legal support, the magnitude of transaction costs for business would be much higher and a large number of potentially mutually beneficial transactions would never take place. Thus, operation within the formal institutional framework may be associated for business with lower transaction costs.

Access to transaction goods is granted only to organizations that function in the formal sector, i.e. are properly registered and pay taxes. Actually, taxes can be treated as the payment for transaction goods (Kuzminov et al., 2006). Under these circumstances transaction goods can be considered to be excludable goods, i.e. if a business is not registered as a taxpayer, it is excluded from the use of transaction goods ensuring the protection of its property rights in contractual relations with other businesses, enforcement of contract terms and other benefits. Thus, taxes, as the price paid for transaction goods, can be regarded as transaction costs of business, similar to a fee paid to a lawyer (for drawing a contract or for providing legal assistance in the conflict resolution) or to an auditor (for checking the financial position of a potential business partner).

Government grants legal status to businesses. If legal status is required to enter some transactions or can help lower transaction costs, it makes sense for businesses to acquire it in return for paying taxes. For example, many buyers, private or corporate, prefer to purchase goods from a legally registered firm at a higher price than from an entrepreneur with no legal status at a lower price. In the former case buyers feel safer because if a conflict with a seller arises, they can use official means of contract enforcement and protect their interests. Thus, *ceteris paribus* it is more beneficial for a seller to have legal status. The payment for the legal status can be treated as transaction cost.

A proper registration as a taxpayer can be viewed as an «entrance ticket» to the legal infrastructure of the contractual environment. To stay there, a business must pay taxes – a regular «membership fee» which depends on the scope of the business's activities or benefits it derives from working within that infrastructure.

As Smith (1776) states: «The subjects of every state ought to contribute towards the support of the government, as nearly as possible, in proportion to their respective abilities; that is, in proportion to the revenue which they respectively enjoy under the protection of the state». For our discussion the key phrase is «under the protection of the state» (p. 825). Government creates conditions and provides protection for business activities which, in turn generate certain revenues. Protection is directly related to transaction costs, primarily to enforcement costs that business bears in market transactions. So, operating under the protection of government business must pay for such protection and this payment is part of the overall transaction costs.

The non-market contract between the government and a business does not assume bargaining over the price (the amount of tax) and quality of transaction goods provided by the government, at least in the short run. In the long run the terms of that contract can be changed as a result of changes in a macroeconomic (fiscal) policy or regulatory reforms.

Businesses pay taxes if they prefer to stay in the legal environment. If the costs of staying there are higher than the costs of operating in the shadows, a business may consider retreating to the informal sector with its own infrastructure and alternative ways of contract enforcement. For example, when the effectiveness of the legal means of contract enforcement is low, i.e. the legal means of contract enforcement do not help reduce the costs of transacting between businesses, the incentives for staying in the formal sector will also be low. However, benefits of staying in the official economy are not reduced to contract enforcement. If a business leaves the legal framework for the shadow sector, it has to keep low profile, which limits for this business the possibilities of development and brand promotion, import/export operations, access to financial resources and so on.

At the same time, even if the cost of informality is too high, the payment for access to the formal economy cannot be raised indefinitely. The price business is able to pay for transaction goods depends on the taxable capacity of business, defined as the maximum amount business can pay to support the government without inflicting damage on the productive capacity and desire to produce.

Whether the tax capacity is fully used, underused or tax collection exceeds the tax capacity can be judged from another indicator – tax effort, which is calculated as the actual tax revenue divided by tax capacity. If it is equal to one, then the tax capacity is fully utilized. If it is larger than one, then the tax burden imposed on business goes beyond the capacity; if it is smaller, the economy has reserves and

can increase tax collection. Smith (1776) warns policy makers against unreasonably high level of tax effort: «It may obstruct the industry of the people, and discourage them from applying to certain branches of business» (p. 827).

Businesses may try to find compromise between staying legal and paying too high price for it. Being properly registered as taxpayers, they pay not the full amount of taxes but part of it, hiding their profits, understating their revenues and the number of employees, overstating costs etc. It leads to a free-rider problem, when those who do not pay the full price cannot be excluded from the consumption of transaction goods. Insufficient payment may result in the deterioration of the quality or underproduction of transaction goods (Kuzminov et al., 2006).

Globalization and development of multinational corporations have raised a number of issues related to the distribution of tax revenues among the countries in which a multinational business entity operates. These issues are addressed in The Action Plan on Base Erosion and Profit Shifting (BEPS) (OECD, 2013) that contains 15 actions concerning tax transparency, accountability, information exchange and other potential changes to international taxation. The action plan emphasizes the need for international agreement and cooperation to combat tax avoidance at a transnational level «that exploits gaps and mismatches in tax rules to artificially shift profits to low or no-tax locations» (OECD, 2017). Shifting profits to countries with more favorable tax legislation to pay less in taxes is a variant of free-riding, i.e. using transaction goods without paying for the use. Since 2017, Ukraine has become an official member of the Inclusive Framework on BEPS.

Treating taxes as transaction costs leads to the following conclusion. To create incentives for business to pay taxes, government should provide adequate-quality transaction goods, which can effectively reduce transaction costs in the economy so that the benefits of staying legal exceed the costs business pays for it.

## **2. Costs of interactions between business and government in the tax sphere.**

In this paragraph we will look at tax-related phenomena from a different angle and focus on the transaction costs accompanying the relations between business and government rather than on the amount of taxes paid by business.

Economic exchanges, both market and non-market ones, are associated with transaction costs. The business-government interactions in the tax sphere are no exception, and transaction cost theory can be used to explain and analyze the efficiency of those interactions.

In contractual relations usually both parties incur transaction costs. That is why the total tax transaction costs can be divided into administrative costs and compliance costs (Pope, 1998; United Nations, & CIAT, 2014). The administrative costs are borne by tax administrators and connected with providing and maintaining a mechanism for collecting taxes, enforcing the compliance of taxpayers and so on. The compliance costs are the costs incurred by taxpayers. They include the resources

spent on the compliance with the existing tax regulations and dealing with tax authorities.

Pope (1998) distinguishes between monetary and non-monetary compliance costs. The former can always be expressed in monetary terms, including the employees' time spent on tax-related activities, which can be converted into monetary units more or less accurately. Monetary costs can be further divided into internal (incurred inside a business organization) and external (payments to external consultants).

Non-monetary costs are more difficult, if not impossible, to estimate because they are often of psychological nature – stress, dissatisfaction with work. The idea about the existence of non-monetary costs can be traced back to Smith (1776), who stated that «...by subjecting the people to the frequent visits and the odious examination of the tax-gatherers, it may expose them to much unnecessary trouble, vexation, and oppression; and though vexation is not, strictly speaking, expense, it is certainly equivalent to the expense at which every man would be willing to redeem himself from it» (p. 827–828).

A high tax burden may discourage entrepreneurs from doing business or at least from operating in the formal sector of an economy. However, even if the tax rates are adequate, entrepreneurs still may be deterred from working within the official economy because of a high level of compliance costs.

Whether business will be willing to comply depends on a great number of factors, which can be divided into economic and non-economic ones. The classifications of factors are given in (Pope, 1998; United Nations, & CIAT, 2014; Barbuta, 2011). Among economic factors are tax rates, the severity of punishment for non-compliance combined with the probability that it will be detected by tax authorities, the magnitude of compliance costs. Compliance costs will be higher if the requirements are excessive, if the tax regulations are sophisticated, unclear, ambiguous, frequently changing, if procedures stipulated by the tax legislation are time-consuming, if the access to information on the tax legislation is hampered.

However, economic factors alone cannot fully explain tax compliance behavior. For example, the tax burden in Croatia is less than half of that in Germany and the compliance costs for the two countries are almost the same (The World Bank Group, & PwC, 2017a), however the size of the Croatian shadow economy, which is directly related to the incidence of tax evasion (the most common form of non-compliance), is twice as large as the German one (Schneider, 2015). The factors affecting compliance with tax regulations can also be of socio-cultural origin, including the law-obedience of society members, path dependence in tax compliance, the dominating in a society attitudes to tax evasion (condemnation, tolerance, understanding, justification etc.), the attitude toward the government (trust, respect,



reciprocity etc.). Altogether all those factors determine tax morale, which is usually understood as intrinsic motivation to pay taxes.

Tax morale can also depend on how efficiently collected taxes are used by the government. If taxes are used inefficiently and government services are of low quality, entrepreneurs may perceive the situation as unfair and be discouraged from paying taxes. As a result tax morale will decrease. Tax morale is also negatively affected by corruption in the regulatory sphere.

A large tax burden and high compliance costs combined with low tax morale almost certainly will lead to a low propensity of taxpayers to comply with tax regulations and as a result to an increase in the administrative costs, in particular the monitoring and enforcement costs. The introduction of simplified and transparent tax procedures may lead to the simultaneous reduction in administrative costs and compliance costs. Pope (1998) points out that administrative costs and compliance costs may be complementary to each other but they can also be inversely related, when transferred from one party to the other. The simultaneous reduction in both types of costs releases societal resources, which can be used for productive activities instead of being dissipated.

**3. Measuring tax transaction costs.** If transaction costs are «the costs of running an economic system» (Arrow, 1969), a high level of these costs may mean that the system operates inefficiently. The implications are low incentives for entrepreneurship and, as a result, underutilization of the entrepreneurial potential of the society.

The resources spent on creating exchange mechanisms and governance structures for particular transactions have their opportunity cost. If a great deal of resources is dissipated in the form of transaction costs, special measures must be taken by the policy makers to spare societal resources for more productive uses. To devise a sound policy for improving the institutional environment, providing mechanisms for facilitating economic exchanges and thus reducing transaction costs, it is necessary to have a clear picture of the current level of transaction costs, i.e. to be able to measure those costs using some standard methodology.

While there are studies in which transaction costs are measured for the whole economy (e.g. Wallis, & North, 1986), most studies deal with transaction costs related to particular transactions, either market or non-market ones. Showing the importance of empirical measurement of transaction costs, A. Benham and L. Benham (2000) state that to examine transaction costs empirically, it is necessary to have «a standardized methodology which specifies particular transactions in terms of the form of exchange, the good to be obtained, the characteristics of the individual, and the setting». The contractual relations between business and government in the tax sphere are an example of a non-market transaction which lends itself to studying in terms of transaction costs.

There have been quite a few studies evaluating tax systems and measuring tax transaction costs. At the same time the number of studies of administrative costs is very limited, while the research on compliance costs is rather extensive. Measuring compliance costs represents a more challenging task than measuring administrative costs. The latter are equal to the operating budget of a national tax administration. They can be measured in monetary units but for comparison purposes it is more convenient to measure them as percentage of GDP (United Nations, & CIAT, 2014).

Most studies assessing the conduciveness of tax systems to business development focus on both tax burden and compliance costs incurred by businesses. Some studies are related to a certain country and examine its tax system and the costs it imposes on business in depth (United Nations, & CIAT, 2014; IFC, 2009). Other studies cover a number of economies and are aimed at comparing their tax systems (The World Bank Group, & PwC, 2017a; Evans et al., 2014). The major problem with cross-country studies is that tax systems in different countries differ in many respects, being shaped by a great number of economic, institutional, historical, cultural and other factors, which makes comparisons inaccurate. In some cases, to yield the most accurate results, the research methodology must be country-specific because respondents in different countries demonstrate different degree of cooperation and willingness to disclose information, especially when it goes about tax evasion, corruption practices and other sensitive issues (Nashchekina, & Timoshenkov, 2004). However, for international comparative studies a unified measurement methodology must be used. There are different ways to overcome this problem. For example, a study may concentrate on broadly comparable economies (Evans et al., 2014), or be conducted for a hypothetical case study company with strictly defined parameters, using experts to estimate its tax compliance costs (The World Bank Group, & PwC, 2017a). Eichfelder and Vaillancourt (2014) give a comprehensive overview of research on tax compliance costs starting from the mid-80s. Methodological issues related to the measurement of tax compliance cost are also discussed in other studies (e.g. Coolidge, 2012; European Commission, 2013).

Among the most well-known and highly cited empirical studies of business environments, including tax systems, are the World Bank's Doing Business (DB) project and the joint annual publication Paying Taxes (PT) by the World Bank Group and PricewaterhouseCoopers (PwC). The DB project, launched in 2002, is aimed at assessing the relative ease of doing business in a certain country as compared with others by measuring indicators related to 11 areas of business life, one of which is Paying Taxes. Annual PT reports are based on DB data for the PT indicator, but provide more comprehensive comparative analysis of tax systems, that is why we will refer mostly to PT reports. DB and PT reports show not only the relative favorability of business environments for a given year but also the dynamics of the

major indicators over time. The recent DB and PT surveys (The World Bank Group, 2017a; The World Bank Group, & PwC, 2017a) provide rankings of 190 economies by the overall ease of doing business and by the ease of paying taxes respectively, 1 denoting the most favorable and 190 the least favorable business environment. The overall rank of Ukraine in DB 2017 survey is 80.

The aggregate Paying Taxes indicator is composed of four sub-indicators, including the number of tax payments per year, the total tax rate as a percentage of profit, the time spent on compliance with procedures during the year, and the recently added indicator reflecting post-filing processes, i.e. processes that occur after a firm complies with its regular tax obligations. In particular, the fourth sub-indicator measures the time it takes to get a value added tax refund, deal with an insignificant mistake on a corporate tax return that can potentially trigger an audit and good practices with administrative appeals process. Each of the sub-indicators is calculated for a hypothetical company on the basis of expert evaluations according to a special methodology described in Paying Taxes Report (The World Bank Group, & PwC, 2017a).

As is seen, essentially the PT survey is a study of tax burden and tax transaction costs on business side, i.e. compliance costs. Specifically, three out of four sub-indicators (the number of payments, time to comply and post-filing procedures) are related to compliance costs which accompany the transaction between business and government in connection with paying taxes. The remaining fourth sub-indicator (total tax rate) reflects tax burden. Although, as we showed above, taxes themselves can also be treated as transaction costs of business, to avoid confusion, in this paragraph we will not mix different types of transaction costs – transaction costs related to market contracts and transaction costs arising from the interaction between business and government in the tax sphere.

Although the process of transaction cost assessment in the PT study includes measuring some absolute values like the number of hours spent by businesses on certain activities, the main idea of the study is to show how different countries perform relative to other countries. For this purpose, for each four sub-indicators as well as for the performance of a country on the aggregate PT indicator, the distance to frontier is measured, which shows how close the country is to the best performance on the corresponding indicator. To calculate the distance to frontier, values of indicators are rescaled from the units in which they are measured to a common unit. The detailed description of the methodology is given in Paying Taxes (The World Bank Group, & PwC, 2017a).

A change in the rank of a certain economy over time reflects only a shift in the position of that economy relative to other economies. The absence of change in the rank does not necessarily mean the absence of progress. If other countries have improved their tax systems too, the rank of the economy in question may stay

unchanged even if its tax system has been improved. So, it is important to observe the values of sub-indicators for the country over years to judge how much progress, if any, has been made.

The introduction of the fourth sub-indicator in the Doing Business 2017 (The World Bank Group, 2017a) survey has changed the rankings for some countries dramatically. For example, Saudi Arabia, which had the 3rd rank in the absence of the post-filing procedures, has been shifted down to the 69<sup>th</sup> position.

Indeed, the post-filing procedures and associated transaction costs can vary significantly across countries. For instance, mistakes made in a corporate income tax return discovered by a business after filing the return with the tax authority may have different consequences in different countries. In Estonia and Portugal it suffices to prepare and submit an amended return and make payments electronically. In contrast, in Peru such a mistake would trigger a comprehensive field tax audit requiring interaction with the auditor for approximately six weeks, after which the firm would wait for the final assessment from the auditor for another seven weeks (The World Bank Group, & PwC, 2017a).

The overall rank of Ukraine according to the PT 2017 survey, which relates to the calendar year ended on December 31, 2015, is 84. Comparison with earlier years will be inaccurate because of the recent change in the ranking methodology, i.e. addition of the fourth sub-indicator. It was estimated that if this sub-indicator had been used in the PT 2016 survey (reflecting the situation in the year 2014), Ukraine's rank would be 83. However, if only three original sub-indicators were used in the PT 2017 survey, Ukraine would occupy the 111<sup>th</sup> position, which is worse than the 107<sup>th</sup> position in the PT 2016 ranking.

As far as separate sub-indicators are concerned, Ukraine occupies low positions in the regional (Central Asia and Eastern Europe) ranking on total tax rate – the third highest total tax rate after Belarus and Tajikistan, and time to comply with tax requirements – the second longest time (356 hours annually). At the same time Ukraine performs rather well on the remaining two sub-indicators. Ukraine has the smallest number of tax payments in the region (sharing this best result with Georgia) and occupies a midway position on the fourth sub-indicator related to post-filing procedures.

Although there is a global trend toward lower both tax burden and tax compliance costs over time (2004–2015) (The World Bank Group, & PwC, 2017), this trend is the result of averaging over a large number of economies, whereas some economies show an opposite trend. The compliance time varies largely across economies. For example, in Brazil the compliance time remained at 2600 hours over 10 years and only in 2015 it dropped by 652 hours reaching 2038 hours. For comparison, the compliance time in Ukraine was 356 hours in 2015, while for the United Arab Emirates it amounted to mere 12 hours a year.



On a global scale, over the last ten years the tax compliance time exhibits a downward trend for all major taxes. This can be attributed partially to the development of electronic tax filing systems and systems of payments.

The number of tax payments also shows a declining trend over ten years. A substantial contribution to this trend in 2014–2015 was made by the Central Asian and Eastern European countries, mostly due to the development of electronic filing and payment systems, because according to the methodology of calculating the number of tax payments, the value of this sub-indicator depends significantly on the possibility of filing tax returns and making payments electronically.

Ukraine follows all the above mentioned global trends. Table 1 shows the dynamics of the aggregate PT indicator and three sub-indicators for Ukraine (the fourth sub-indicator is available only for 2015, so the dynamics cannot be traced).

Table 1

**Paying Taxes ranking and scores on the overall distance to frontier and three sub-indicators for Ukraine (2004–2015)**

Year	Paying Taxes/ Doing Business (PT/ DB) report	Overall Paying Taxes Ranking	Overall Distance to Frontier	The Number of payments	Time to comply (hours per year)	Total tax rate (% of commercial profit)
2015	PT2017	84/111*	72.72	5	355.5	51.9
2014	PT2016	107	72.99	5	350.0	52.2
2013	PT2015	108	70.64	5	350.0	52.9
2012	PT2014	164	54.88	28	390.0	54.9
2011	PT2013	165	49.13	28	491.0	55.4
2010	PT2012	181	20.05	135	657.0	57.1
2009	PT2011	181	21.22	135	657.0	55.5
2008	PT2010	181	17.98	147	736.0	57.2
2007	PT2009	180	17.98	99	848.0	58.4
2006	PT2008	177	18.31	99	2085.0	57.3
2005	PT2007	174	18.08	98	2185.0	60.3
2004	DB2006		17.97	84	2185.0	51.0

Sources: The World Bank Group, & PwC, 2-17b; The World Bank Group, 2006.

\* shows the ranking which would be assigned in the absence of the fourth sub-indicator

As is seen from Table 1, since 2004, Ukraine has significantly improved both its overall performance on the PT indicator and performances on the number of payments and the time to comply sub-indicators. The number of payments has

dropped from 147 in 2008 to 5 in 2013, first of all due to switching to electronic tax systems. A significant progress has been made in the reduction of the time business has to spend on the compliance with existing procedures – this time has been decreased from 2185 hours per year to less than 360. The reduction in the total tax rate estimated as percentage of commercial profit was not as impressive as the decrease in the other sub-indicators; however it exhibits rather steady trend to decline with minor fluctuations. Thus, Ukraine shows progress in combating excessive administrative and financial burden on business.

The DB/PT projects cover currently 190 countries and that is why seek standardization. As a result, the number of studied indicators is very limited. One cannot simultaneously go into country-specific details and make the results comparable. Thus, cross-country studies should be complemented by in-depth studies for a specific country. The 2009 International Finance Corporation (IFC) survey «The Costs of Tax Compliance in Ukraine» is an example of such in-depth study. Unfortunately there are no more recent data on the tax compliance costs from the IFC surveys for Ukraine but the survey methodology deserves much attention. The major difference between the IFC and DB/PT projects is in the data collection method – a survey of a sample of small and medium-size businesses and expert evaluations, respectively. Instead of estimating the tax compliance costs for a hypothetical standardized case study company, like in the DB/PT projects, the IFC surveyed 2082 real-world private companies (for the tax year 2007) and 1000 sole proprietors in Ukraine (for the tax year 2008). The IFC and DB/PT studies also differ in the level of detail. In the IFC survey the compliance costs are broken down into many categories and divided among different taxes.

It is interesting to compare the 2009 IFC survey data with those reported in the DB/PT survey for the same year and discuss methodological implications. The estimated in the IFC survey time to comply for private companies in 2007 ranged from 826 for the companies with annual turnover less than 300000 UAH to 5519 for the companies with turnover exceeding 35 mln UAH (overall average 1335 hours). The time to comply was broken into the time spent on tax accounting (the largest share of the total time), on visiting supervisory offices and on tax inspections. The time to comply estimated in the IFC survey was significantly larger than that estimated in the PT study. Thus, the absolute values of the time to comply depend on the research methodology. Let us remind that in the DB/PT project, a hypothetical company with strictly specified parameters was used to make cross-country comparisons possible. However, as Besley (2015) points out, the importance of this particular type of company may vary significantly from country to country. It may not be representative of the industrial structure of a particular country. So, when instead of expert estimates, a survey of a sample of real-world companies is conducted, the results are likely to differ. As the Enterprise Surveys (IFC, 2013) show,

firms of different sizes may perceive the obstacles to the business development differently and put stress on different aspects of the business environment. For instance, only medium-size firms in Ukraine name tax rates as the third major obstacle to business development while small and large firms do not mention it among the three main obstacles.

Another reason for the discrepancy between the IFC and DB/PT data is that actual experience may differ from what is assumed *de jure*. The use of electronic filing procedures is a good example in this respect. In the DB/PT study the existence of electronic filing reduces the time to comply significantly due to the absence of necessity to visit tax authorities in person. However, in reality the lack of confidence in electronic procedures and fear that documents can be lost and then the firm will be penalized for not submitting tax returns forced firms both to file documents electronically and to visit tax authorities in person, just in case.

The tax compliance costs can be further broken down based on the types of taxes. Usually three types of taxes are considered – corporate income tax, labor (payroll) taxes and other taxes (VAT, etc.). According to *Paying Taxes 2009* (The World Bank Group, & PwC, 2009), the most time-consuming for Ukrainian companies in 2007 were labor taxes. At the same time the 2009 IFC survey showed that the time spent on carrying out all tax operations related to labor taxes was significantly smaller than the time spent on VAT and corporate income tax.

Being converted into monetary units, the time to comply for Ukrainian businesses in 2007 amounted to US\$ 2940 on average. The PT study does not estimate the monetary costs because it would complicate cross-country comparisons because of the difference in prices and standards of living in different countries and fluctuations in the exchange rates. For the same reason the PT study does not take into account other tax compliance costs which are connected with purchasing hardware and software, stationery, subscribing to specialized periodicals and other publications and so on. However, the comprehensive survey of the Ukrainian tax environment carried out by the IFC did consider those other costs and estimated them at US\$ 830 on average. The overall average tax compliance costs thus constituted US\$3769 in 2007.

For the entire Ukrainian business community these costs are estimated at 7,4 bln UAH, which is approximately 1% of the corresponding year GDP (IFC, 2009).

The PT analysis does not show how tax transaction costs depend on the business size, but other studies have shown that the smaller the business size, the higher the tax transaction costs per unit of sales (Coolidge, 2012; IFC, 2009). Actually the result is quite predictable as larger companies can benefit from scale economies, spreading the total tax transaction costs over larger sales volumes. The learning – curve effect can also reduce the tax transaction costs per unit sales for larger firms (United Nations, & CIAT, 2014). Coolidge (2012) indicates that the reverse

relationship between the firm size and transaction costs per unit of sales is especially pronounced in developing countries: «While there has long been plenty of evidence of regressivity in tax compliance costs in the developed world, the WBG (World Bank Group) has documented extremely regressive patterns in the developing world, with small businesses incurring tax compliance costs of up to 15% or more of turnover».

The 2009 IFC survey of tax compliance costs incurred by Ukrainian businesses also provided evidence of a dramatic increase in these costs for small businesses. For example, for companies with annual turnover over 35 mln UAH (in 2007), the tax compliance costs constitute 0,07% of their turnover, for companies with turnover in the range of 300000 to 1 mln UAH these costs constitute 1,86% of their turnover, whereas for the smallest companies with turnover not exceeding 300000 UAH, the compliance costs amount to 8,2% of the turnover. That is why special simplified tax regimes for small businesses are desirable to make them more competitive by lowering tax transaction cost burden. For comparison, the Ukrainian companies that used the simplified (unified tax) regime in 2007 spent complying with tax regulations half the time the companies using the general taxation regime did: 512 hours and 961 hours respectively.

The side effect of a simplified tax regime is decreased incentives for growth, at least as a single business entity (Engelschalk, & Loepnick, 2016), and tax evasion by underreporting income to remain eligible for the simplified tax regime.

**4. Tax system and economic performances.** Better possibilities for doing business must lead to better economic performances, which in turn can be expressed in terms of GNI per capita. As taxation is an important component of the business environment, one can also suggest that tax systems in economies with higher income per capita will have higher rankings and higher distance to frontier scores for paying taxes. Let us check whether such correlations exist using the data from the 2017 DB and 2017 PT surveys as well as gross national income (GNI) per capita data provided by the World Bank (The World Bank Group, 2017b).

There is a positive correlation both between the distance to frontier of the ease of doing business (DTF DB) and GNI per capita ( $r=0,59$ ), and the distance to frontier for the paying taxes indicator (DTF PT) and GNI per capita ( $r=0,52$ ). Within the group of high income countries, the same correlation coefficients are 0,57 and 0,51 respectively, for the upper middle income countries they are 0,56 and 0,51 respectively, for the lower middle income group 0,51 and 0,46 respectively, and for the low income countries 0,48 and 0,46 respectively. So, correlations are somewhat stronger for economies with higher incomes per capita. Besides, there is a common trend for all groups – the correlation between economic performance and the favorability of the tax system is slightly weaker than that between economic performance and the overall ease of doing business.



Despite the existence of correlation, moderately strong though, between countries' scores in the DB and PT rankings and countries' economic performances, there are a lot of discrepancies in the degree of favorability of the business environment and tax system across the countries with similar economic indicators. For example, three countries having the highest positions in the GNI per capita ranking (Norway, Qatar, and Switzerland) occupy the 6<sup>th</sup>, 83<sup>th</sup> and 31<sup>rd</sup> positions respectively in the DB ranking, although their positions in the PT ranking are closer 26<sup>th</sup>, 1<sup>st</sup> and 18<sup>th</sup> respectively. All three countries have relatively low compliance costs in terms of time, however, their total tax rates differ significantly. In Qatar, the total tax rate is 11% of commercial profit, while in Switzerland and Norway the corresponding numbers are 28,8% and 39,5% respectively. Italy, an economically developed country (the 27<sup>th</sup> position in the GNI per capita ranking), occupies the 126<sup>th</sup> place in the PT ranking, with time to comply amounting to 240 hours annually and total tax rate of 62%. At the same time Rwanda, a country with one of the lowest incomes per capita in the world has rather favorable conditions for business development (at least in terms of the indicators used in the DB project) – 56<sup>th</sup> place in the DB ranking and the 59<sup>th</sup> in the PT one.

All this shows that economic prosperity of nations is determined by a greater number of factors than the DB and PT projects cover. Although the DB project captures quite a few essential characteristics of business environment that determine its favorability to business development, the dimensions covered are incomplete, which is inevitable for such a large cross-country comparison. That is why high rankings in the ease of doing business do not necessarily guarantee high economic performances, although the positive correlation does exist.

**5. What is a good tax system?** The development of tax policies and implementation of tax reforms would be significantly facilitated if there were universal prescriptions as to how to design a good tax system.

There are a lot of stakeholders in a tax system whose interests, often opposite, must be balanced. The DB/PT rankings, however, reflect the interests of one, though very important, group of stakeholders – businesses. From the point of view of businesses, a good tax system is characterized by low tax rates and low transaction costs. Let us remind that the overall transaction costs associated with running a tax system include not only compliance costs but also administrative costs and. Although it may seem that business is preoccupied with compliance costs, which are rather explicit, administrative costs cannot be ignored, as ultimately it will be taxpayers who will cover those costs.

Once again let us refer to Smith's maxims, specifically to the one about efficiency. Smith (1776) warns against ineffective and inefficient tax systems: «A tax may ... take out ... of the pockets of the people a great deal more than it brings into the public treasury... Firstly, the levying of it may require a great number of officers,

whose salaries may eat up the greater part of the produce of the tax, and whose perquisites may impose another additional tax upon the people» (p. 827). Thus, Smith makes a very important observation: high tax transaction costs on the tax administration side may lead to a higher tax burden for taxpayers. Thus, efficient tax systems are associated with lower transaction costs on both sides.

An important component of the tax transaction costs is information costs, which depend on how sophisticated tax regulations are and how frequently they change. Frequent changes in tax legislation may indicate the lack of strategic perspective and systems thinking, flawed decision making resulting in adopting poorly thought out decisions which are repeatedly corrected via the trial and error method. As far as the simplicity of tax regulations is concerned, sometimes it may be in conflict with such aspects of a tax system as fairness and flexibility (Engelschalk, & Loeprick, 2016). The same tax rates and the same procedures cannot be applied to all businesses; they must depend on the size of business, type of activity and other characteristics. Differentiation of requirements, exceptions, special considerations, in particular when determining tax base, lead to an increase in transaction costs on both sides because more information must be processed. On the other hand, clear, transparent and simple tax procedures are beneficial for both sides and help lower corruption incidence.

A promising way of reducing tax transaction costs is improving electronic tax systems and integrating them with accounting systems. As the PT surveys show, this way has proved to be effective.

One of the indicators of a good tax reform is a simultaneous decrease in administrative costs and compliance costs. However, transaction cost reduction is not an end in itself. Transaction costs should be minimized without compromising tax revenues because the purpose of a tax system is to collect taxes. Tax revenues may depend on tax transaction costs in different ways. On the one hand, a reduction in tax transaction costs may lead to higher revenues because more businesses will be willing to work in the formal sector of the economy and pay taxes. On the other hand, a reduction in the tax transaction costs due to deregulation (e.g. reduced reporting, reduced incidence of tax audits, etc.) may open possibilities for tax evasion. If tax evasion is anticipated, the tax authorities should take measures to ensure the enforcement, which will inevitably lead to an increase in both administrative and compliance costs. Thus, deregulation in the tax sphere is not always justified and cannot be considered as a universal recommendation. For example, comprehensive time-consuming tax audits in response to advertent or inadvertent errors in corporate income tax returns in Peru cannot be simply replaced by the submission of amended tax returns like in Estonia or Portugal.

The tax evasion scenario is more probable for economies with low tax morale. However, tax morale itself is also an endogenous factor resulting from the economic,

social and cultural development of a given society. Tax morale, and as a result tax evasion, is affected by mentality, societal values, attitudes to the government and other non-economic factors. Tax evasion can also be promoted by purely rational short-run considerations. Businesses that avoid paying taxes and work at least partially in the shadows, gain a competitive advantage in terms of costs (price) over those who pay taxes diligently. Thus, those who in principle are willing to pay taxes are forced to join the informal sector for the sake of survival. This effect may be self-enforcing, which makes it rather difficult for tax reformers to break this vicious circle.

Thus, in a society with a high tax morale and relatively small size of the informal sector, it is possible to reduce the enforcement efforts and loosen control over businesses thus reducing transaction costs on both the business and government side. In a society with low tax morale and a large shadow economy tax transactions costs may be rather high because the tax authorities must take additional measures to discourage businesses from tax evasion.

According to the DB (PT) methodological framework, the more conducive to business development tax systems are characterized by lower tax rates. The question arises whether the lowest tax rates can be considered as a benchmark for tax reformers, which must balance the interests of different groups of stakeholders affected by the tax system.

Summarizing major criticisms of the Doing Business project, Besley (2015) states: «Particular attention has focused on whether it is valid to collect the separate rankings into an aggregate ranking». This concern can be extended to the Paying Taxes part. Is it justified to combine total tax rate and, for example, time to comply with tax requirements to get the overall ranking? Are tax systems with lower total tax rates necessarily better than those with higher rates? After all if taxes are spent rationally by the government, business can also benefit from it, in particular if it concerns the provision of high-quality transaction goods that facilitate market transactions and thus help reduce overall transaction costs for business. Tax rates depend on the societal values, macroeconomic goals and other factors which can be different for different societies.

More efficient tax systems may serve as models, but mere copying of those systems by less developed countries is impossible, as any tax system is built taking into account macroeconomic indicators, institutional, cultural and other peculiarities of a country. There is no ideal tax system, at least according to the methodology used in the Paying Taxes project because ranks are calculated using a compensatory model – a lower performance on one sub-indicator may be outweighed by a higher performance on some other indicator. However, are such tradeoffs always justified? While a reduction in the transaction costs, specifically in the time spent on complying with tax regulations, provided that it does not affect negatively tax revenues, can be considered a positive change, a reduction in the total tax rate does not necessarily

meet the societal goals. In more socially oriented economies taxes are usually higher but so are economic performances. Besides, shares of different taxes in the total tax rate can be distributed in different ways. In some economies a stronger emphasis is placed on labor taxes (France, Belgium, Italy), in others on profit taxes (the United States, Malta). From the point of view of business, lower taxes are preferable to higher ones, but when improving a tax system one should take into account interests of other important stakeholders too.

Thus, there are multiple solutions to the problem of building a tax system which must be the best fit for a particular society. At the same time cross-country differences should be acknowledged but not overstated when explaining the lack of progress in the improvement of tax systems. Other possible reasons are bureaucratic inertia, the shortage of professionals capable of developing and implementing sound tax policies, the lack of political will, the existence of stakeholders who benefit from the existing system.

**Conclusions.** Transaction cost theory provides a useful framework for understanding and interpreting socio-economic phenomena related to business taxation. Taxes themselves can be treated as transaction costs business pays for the possibility of using transaction goods provided by the state, i.e. for the access to the legal environment in which market transactions take place. Operating in the legal environment allows business to reduce transaction costs related to market transactions due to the use of formal institutional infrastructure and means of contract enforcement which are more effective and efficient than those in the informal sector. Thus, taxes represent part of overall transaction costs incurred by business. If the payment for the access to the legal framework exceeds the benefits of using it, business may leave the formal sector for the shadow economy.

The transaction cost approach can also be successfully used to describe and analyze the costs of the business-government interactions with regard to paying/collecting taxes. Tax transaction costs are divided into administrative costs, borne by government, and compliance costs, borne by business.

The probability of compliance is affected by a large number of economic and non-economic factors, including tax transaction costs and tax morale, and in turn can affect the level of tax transaction costs – the lower the probability of compliance is, the higher the controlling and enforcement costs must be to secure sufficient tax revenue.

It is important to have reliable instruments for estimating the level of tax transaction costs and tracing its dynamics. Essentially all empirical studies of tax transaction costs can be divided into cross-country surveys placing emphasis on comparing tax transaction costs in different economies and providing benchmarks, and country-specific surveys representing more detailed studies of tax transaction costs for a certain economy, including estimates of the absolute monetary value of transaction costs. Differences in measurement methodologies lead to significant discrepancies in the estimates of magnitudes of tax transaction costs.



According to the Doing Business (Paying Taxes) annual surveys, since 2004 Ukraine has made a significant progress in reducing tax compliance costs, one of the reasons being the introduction and development of electronic filing procedures.

As there is a positive correlation between the overall ease of doing business and the ease of paying taxes in particular, and country's economic performances, tax reforms in lower income countries must be aimed at reducing tax transaction costs. However, reducing tax transaction costs is not an end in itself. Tax transaction costs should not be reduced at the expense of sacrificing tax revenues, fairness and flexibility of the tax system.

No tax system exists by itself. It is tightly integrated into the socio-economic system of a society, depends on economic policies and societal values, must balance the interests of numerous stakeholders, and that is why designing or modifying a tax system involves multiple tradeoffs. Building a congruent and efficient tax system must be based on a thorough understanding of various aspects of taxation, which can be studied using different theoretical approaches, including the transaction cost theory approach.

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### **НАЛОГООБЛОЖЕНИЕ БИЗНЕСА: ВЗГЛЯД ЧЕРЕЗ ПРИЗМУ ТЕОРИИ ТРАНСАКЦИОННЫХ ИЗДЕЖЕК**

Обоснована целесообразность применения подхода теории транзакционных издержек для анализа различных аспектов налогообложения бизнеса. В частности, объясняется экономическая сущность налогов и анализируются издержки взаимо-

действия между бизнесом и государством. Показана важность и рассмотрены методологические аспекты измерения трансакционных издержек налогообложения. Проанализированы результаты сравнительных межстрановых исследований налоговых систем и выявлена связь между благоприятностью налоговой системы для бизнеса и экономическими показателями страны. Обсуждается проблема создания гармоничной и эффективной налоговой системы, учитывающей интересы и приоритеты общества.

**Ключевые слова:** налоги, теория трансакционных издержек, трансакционные издержки налогообложения, государственное регулирование бизнеса.

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## **ОПОДАТКУВАННЯ БІЗНЕСУ: ПОГЛЯД КРІЗЬ ПРИЗМУ ТЕОРІЇ ТРАНСАКЦІЙНИХ ВИТРАТ**

**Постановка проблеми.** Соціально-економічний розвиток суспільства залежить великою мірою від ефективності національної податкової системи. Проблеми у сфері оподаткування можуть створити суттєві перешкоди для розвитку бізнесу і таким чином стримати економічне зростання.

Реформування податкової системи має базуватися на чіткому та глибокому розумінні економічної сутності податків і соціально-економічних явищ, що пов'язані з оподаткуванням. Ураховуючи, що податки виконують цілу низку функцій в економіці і що оподаткування є багатовимірним явищем, вони можуть вивчатися з різних точок зору, із застосуванням різних методологічних підходів. Одним із перспективних підходів до вивчення економічних явищ є підхід теорії трансакційних витрат, що належить до більш широкого міждисциплінарного напрямку – нової інституційної економіки.

**Аналіз останніх досліджень і публікацій.** Теорія трансакційних витрат успішно застосовується до аналізу не тільки ринкових трансакцій, але й взаємодії між бізнесом та державою. На існування витрат, пов'язаних із функціонуванням бізнесу у формальній і/або неформальній економіці, указує Е. де Сото (1989). Для реформування регуляторного середовища з метою зниження витрат формальної економіки необхідно вміти не тільки визначати, але й вимірювати ці витрати, на що звертають увагу Л. і А. Бенам (2000). Вимірюванням витрат, пов'язаних із взаємодією бізнесу



та держави, займалися, зокрема, Д. Зільберстайн (2007), І. Тимошенко і О. Нащекіна (2004, 2006) та ін. Проводилися також порівняльні міжкрайнові дослідження, наприклад, у рамках дослідницьких проектів Всесвітнього Банку «Doing Business» та «Enterprise Surveys», що дають можливість оцінити і порівняти сприятливість бізнес-середовищ у різних країнах.

Витрати у сфері оподаткування вивчалися багатьма науковцями (J. Pore, 1998, S. Eichfelder і F. Vaillancourt, 2014, 2016, J. Coolidge, 2012, та ін.), хоча більшість авторів не використовували термін «транзакційні витрати». Здебільшого вивчалися витрати, пов'язані із дотриманням бізнесом вимог податкового законодавства і відповідних процедур. Однак існують і інші аспекти оподаткування, що можуть аналізуватися із застосуванням підходу теорії транзакційних витрат.

**Формулювання цілей.** Метою статті є обґрунтування доцільності використання підходу теорії транзакційних витрат до висвітлення економічної сутності податків та аналізу соціально-економічних явищ у сфері оподаткування і витрат, що виникають у процесі взаємодії між бізнесом та державою, а також узагальнення чинників, що впливають на рівень транзакційних витрат оподаткування, на основі даних порівняльних міжкрайнових досліджень і поглиблених досліджень української податкової системи.

**Виклад основного матеріалу.** З позицій теорії транзакційних витрат податки можуть розглядатися як плата бізнесу за доступ до транзакційних благ, які надає держава і які дозволяють більш ефективно здійснювати ринкові транзакції. Якщо плата перевищує вигоду від цих благ, бізнес може перейти до неформальної (тіньової) економіки. Якщо бізнес лише частково переходить «у тінь» без втрати офіційного статусу, виникає проблема фрирайдера, яка призводить до зниження якості та недовиробництва транзакційних благ.

З іншого боку, теорія транзакційних витрат може застосовуватися до аналізу витрат взаємодії між бізнесом і державою з приводу оподаткування. При цьому загальні транзакційні витрати оподаткування поділяються на адміністративні (ті, що несе держава) і витрати на дотримання процедурних вимог платниками податків (ті, що несе бізнес). Витрати можуть бути як грошовими, так і негрошовими. На рівень транзакційних витрат впливає готовність обох сторін сумлінно виконувати свої обов'язки, яка, у свою чергу, залежить від багатьох економічних та неекономічних чинників. До перших можна віднести розмір податків, витрати на дотримання податкових процедур, суворість покарання за невиконання податкових вимог та ін. Одним із найважливіших неекономічних чинників є податкова мораль.

Вимірювання транзакційних витрат оподаткування є досить важливою й актуальною проблемою, оскільки виважена реформа податкової системи має базуватися не тільки на якісній, а й на кількісній інформації. Рівень і структура транзакційних витрат мають обумовлювати напрями реформ. Методика вимірювання цих витрат може бути різною і залежати від цілей дослідження. Наприклад, відомий

дослідницький проект Всесвітнього Банку «Doing business», у рамках якого проводиться щорічна оцінка сприятливості бізнес-середовища і в тому числі податкової системи, має за мету порівняти умови ведення бізнесу в різних країнах, а також відстежити динаміку цих умов. При цьому оцінка проводиться досить поверхово за чотирма показниками і не дозволяє врахувати специфіку тієї чи іншої країни. Природно, що такі дослідження мають доповнюватися поглибленими кількісними дослідженнями податкової системи конкретної країни, прикладом яких може служити дослідження Міжнародної Фінансової Корпорації (2009) «The Costs of Tax Compliance in Ukraine». Розбіжності в оцінці трансакційних витрат оподаткування в Україні в даних дослідженнях обумовлюються методикою вимірювання (експертні оцінки витрат гіпотетичної компанії в одному випадку й опитування вибірки підприємців у другому).

За результатами оцінки сприятливості податкової системи в дослідженні «Doing business», за період з 2005 по 2015 р. Україна покращила свої позиції в ренкінгу 190 країн, перемістившись з 174-го місця на 84-те. Значну роль при цьому відіграло впровадження електронної звітності.

Хоча існує значна позитивна кореляція між сприятливістю податкової системи й економічними показниками країни (ВВП), наявність сприятливих умов оподаткування не гарантує високі економічні результати, як і не існує універсального набору вимог, що дозволили б створити найкращу податкову систему для всіх часів і народів. Мінімізація трансакційних витрат оподаткування не є самоціллю і не повинна вести до зниження податкових надходжень. Податкова система має бути гармонізована з цінностями та пріоритетами конкретного суспільства і його економічною політикою.

**Висновки.** Застосування підходу теорії трансакційних витрат є доцільним і корисним для більш глибокого розуміння й аналізу явищ у сфері оподаткування бізнесу. З одного боку, самі податки можуть розглядатися як частина загальних трансакційних витрат бізнесу (плата державі за трансакційні блага). З іншого боку, даний підхід може застосовуватися для аналізу витрат взаємодії між бізнесом і державою з приводу сплати податків. Ці витрати залежать від великої кількості економічних і неекономічних чинників, включаючи податкову мораль у конкретному суспільстві.

Важливою є проблема кількісної оцінки трансакційних витрат оподаткування. При цьому величина витрат залежить від методики оцінки.

За результатами щорічного порівняльного міжкраїнового дослідження умов ведення бізнесу «Doing business», Україна досягла значного прогресу в період з 2004 по 2015 р. у сфері оподаткування.

Незважаючи на існування певних індикаторів сприятливості податкової системи для розвитку бізнесу, неможливо сформулювати єдині, універсальні вимоги до найкращої податкової системи, оскільки вона є інтегрованою до конкретного суспільства з його особливостями, цінностями і пріоритетами.

### **Коротка анотація до статті**

**Анотація.** Обґрунтовано доцільність використання підходу теорії трансакційних витрат до аналізу різних аспектів оподаткування бізнесу, зокрема висвітлено економічну сутність податків і проаналізовано витрати, що виникають у процесі взаємодії між бізнесом та державою. Показано важливість і розглянуто методологічні аспекти вимірювання трансакційних витрат оподаткування. Проаналізовано результати порівняльних міжкраїнових досліджень податкових систем і виявлено зв'язок між сприятливістю податкової системи для бізнесу та економічними показниками країни. Обговорюється проблема створення гармонічної і ефективної податкової системи, що враховує інтереси та пріоритети суспільства.

**Ключові слова:** податки, теорія трансакційних витрат, трансакційні витрати оподаткування, державне регулювання бізнесу.

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