

DIRECTIONS AND PROCEDURE FOR COORDINATION OF MATERIAL AND PROCEDURAL NORMS OF FINANCIAL LAW IN REGULATING THE BEHAVIOR OF SUBJECTS OF TAX RELATIONS

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Summary

The article is devoted to the analysis and coordination of material and procedural norms of financial law in the context of regulating the behaviour of subjects of tax relations. The author examines the main directions and order of interaction of legislative acts, doctrinal positions aimed at regulating the financial aspects of taxation, with the aim of harmonizing these norms for effective control and ensuring compliance with their requirements.

The article highlights the important aspects of the influence of material norms on the tax practice of subjects, defines the key aspects of legal personality in the taxation system and argues for the need to harmonize the material and procedural aspects of financial law.

The article examines in detail the tools and mechanisms of coordination of material and procedural aspects of financial law to ensure the effective functioning of the taxation system and reduce the risks of violations. The author analyses the relationship between legal standards and real practice in the field of tax relations, taking into account economic and social factors affecting the behaviour of tax subjects.

Key words: financial law, material and procedural norms, tax subjects, taxation system, legal personality, legal standards.

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1. Introduction

In the conditions of constant changes in the modern economic environment and the rapid development of the financial sector, the urgency of researching directions and the procedure for coordination material and procedural norms of financial law when regulating the behavior of subjects of tax relations becomes urgent. Tax legislation and its procedural aspects are key to regulating financial relations between the state and business entities. Simplification and harmonization of these rules is necessary to maintain transparency, efficiency and compliance in the field of taxation.

Analysis of the coordination of material and procedural norms of financial law allows to identify gaps and inefficiencies in the taxation system, which can serve as a basis for further reforms and improvement of legal regulation. In the context of globalization and the growing complexity of financial transactions, it is important to explore ways of improving the tax control system and simplifying the interaction procedures between subjects and tax authorities. The tax system affects the economic development, investment climate and competitiveness of the country. Therefore, the study of the harmonization of financial law norms has an important practical aspect for tax authorities, business and academics.

Continuity in the study of this topic can lead to the development of new tools and methods of taxation, as well as to the improvement of the legislative framework, which in turn will contribute to the stability and development of the financial and legal system as a whole. Such research will be relevant both for academics and practitioners in the field of financial and tax law, and for government institutions responsible for the formation and implementation of tax policy.

Researching the issue of directions and the procedure for harmonizing the material and procedural norms of financial law in regulating the behaviour of subjects of tax relations, general scientific and special methods were used, in particular, systemic and structural, formal and legal, formal and logical, as well as the method of scientific interpretation of law.

2. The basis for determining the approaches of subjects of tax legal relations

For proper analysis of the issue of directions and the order of coordination of material and procedural norms of financial law when regulating the behaviour of subjects of tax relations, first of all, it is necessary to decide on the issue of scientific analysis of the concept of subjects of tax legal relations.

N. I. Khimicheva believes that the subjects of tax law are persons who have legal personality and are potentially able to be participants in tax legal relations, and the subjects of tax legal relations are real participants in specific tax legal relations. A similar opinion belongs to M. P. Kucheryavenko and O. P. Orliuk, who note that the subject of tax law can be any person whose behavior is regulated by the norms of tax law and who can act as a participant in tax legal relations, the bearer of subjective rights and obligations (*Kucheryavenko, 1998: 70*) (*Orliuk, 2003: 254*).

The subject of the tax legal relationship is the subject of tax law, which realizes its legal personality. And in connection with the fact that it is difficult to imagine a subject who has acquired tax rights but does not implement them (of course, without taking into account the illegal behavior of such a subject), it can be argued that the subject of law and the subject of legal relations, from the practical side, homogeneous categories (*Teremetskyi, 2011: 744*).

In general, subjects of tax legal relations can include individuals who have income and are subject to taxation, as well as legal entities that carry out economic activities and have tax obligations. They carry out their activities in accordance with the current legislation, observing the established rules and norms of taxation. The subject of tax relations is an important chain in the country's financial management system, its actions and responsibilities determine the level of contribution to the economy and contribute to ensuring the financial stability of the state.

Y. O. Bernaziuk divides subjects of tax legal relations into four groups: state bodies and non-governmental organizations endowed with authority in the field of tax legal relations, taxpayers, tax agents and persons contributing to the payment of taxes, fees (mandatory payments) (*Bernaziuk, 2004: 149*).

It is worth noting that subjects of tax legal relations can be classified according to various characteristics, such as legal status, nature of activity, scope of taxation and others. The general classification of subjects of tax relations, in the opinion of the author, includes the following components:

1. Natural persons:

- Taxpayers: citizens who have taxable income and are required to pay prescribed taxes.

2. Legal entities:

- **Businesses:** include corporations, limited liability companies and other legal forms that have obligations to pay value added tax, income tax and other mandatory contributions.

- **Non-profit organizations:** include charities and public organizations that may be exempt from taxation or have specific tax regimes.

3. Special subjects:

- **State authorities:** authorities that can be the objects of tax relations, for example, when receiving income or taxing income from certain operations.

- **International organizations:** international organizations that have special status and opportunities in the field of taxation.

Thus, the status of subjects of tax legal relations and the established limits of the rules of conduct are regulated in one way or another by the provisions of the current legislation of Ukraine, in particular, by the norms of substantive law.

3. Material norms of law regulating the status of subjects of tax relations

Material norms of law regulating the status of subjects of tax relations, determine the rights and duties of subjects in the field of taxation, and also establish the procedure for interaction between them and tax control bodies. The main material standards can be defined as follows:

1. **Rights and responsibilities of subjects:** the right to own and manage property: defines how subjects can own, use and dispose of their property, including taxable income. Duty of tax accounting: determines what data and documents subjects must provide for correct calculation and payment of taxes.

2. **Taxation of income and profit:** tax rates – the amount of tax rates is determined for various types of income, including personal income of individuals and corporate profit of enterprises. Exemptions and benefits: material regulations may provide for certain categories of entities or types of activities that are exempt from taxation or have benefits.

3. **Tax obligations and fixed-term obligations:** payment terms and deadlines: the time schedule for tax payment and tax reporting obligations is established. Sequence of fulfilment of tax obligations: regulates the order and sequence of fulfilment of tax obligations by subjects.

4. **Tax control and responsibility:** rights and responsibilities of tax control bodies: determines what powers tax bodies have in carrying out control and collecting taxes. Liability for violation of tax legislation: material regulations determine sanctions and fines for non-fulfilment of tax obligations or violation of tax legislation.

5. **International taxation:** rules for avoiding double taxation: the procedure for concluding tax agreements between countries to avoid double taxation is determined. Information reporting requirements: requirements for providing information on international financial transactions and taxable income are established.

These material norms of law constitute the basis for the functioning of tax relations and determine the conditions for the participation of subjects in the taxation system. In addition, they help ensure the fairness, transparency and efficiency of the tax system.

The peculiarity of the material norms of the law, which regulate the status of subjects of tax relations, is their focus on determining the rights and obligations of participants in the tax process, which relate to taxation of income, property, business and other financial aspects. The main features of these norms include: the detailing of tax obligations, namely material norms often detail the types of taxes, tax rates and mechanisms for their payment. They specify

how to calculate taxes for different categories of entities, providing detailed instructions and definitions. Material norms determine the rights and obligations of subjects of tax relations. This may include the right to use benefits, the right to reimbursement of tax expenses, as well as obligations to submit tax returns and pay taxes within the specified time limits.

Material norms also establish the conditions of responsibility for violation of tax legislation. They determine fines, penalties and other sanctions for non-fulfilment of tax obligations or violation of rules. Some material norms may be aimed at regulating specific areas of taxation or types of activities. For example, rules governing the taxation of financial institutions, tax incentives for research and development, or specifics of real estate taxation.

In addition, for subjects carrying out international activities, the peculiarity consists in taking into account international tax relations, concluding tax agreements and determining the rules of taxation of international transactions. Material regulations can provide incentives for economic development, investment and support of specific industries through special tax regimes and benefits.

4. Procedural norms of law regulating the status of subjects of tax relations

Thus, the author, having provided a general description of the analysed process, the formation of the direction of communication and interdependence of subjects of tax relations, generalizing them to taxpayers and the controlling body through the prism of studying the provisions of the current financial legislation of Ukraine, it is possible to come to an intermediate conclusion, which is the statement about the subordination of taxpayers to the controlling body. This conclusion is consistent with the general understanding of the actual reporting and submission of tax payers to the law, which, in turn, authorizes the State Tax Service and its specially authorized territorial bodies to exercise control and apply response measures in case of violation of the provisions of the Constitution of Ukraine, laws, codes, etc.

However, in the area of procedural financial law prescriptions, it should be noted that the nature of the legal relationship is changing somewhat, and the controlling body is transforming from a key subject of control to a side of the legal process, which is obliged, regardless of which entity initiated the legal process, to prove the nature and admissibility of the violation taxpayer of the legislation of Ukraine.

Procedural legal norms regulating the status of subjects of tax relations determine the procedure for resolving tax disputes, rules for disputes and protection of the rights and interests of subjects in tax relations. The main aspects of procedural norms include:

1. Tax declaration and reporting: procedural norms determine the terms and procedure for submitting tax declarations by entities that are required to report on their financial status and tax obligations. Mandatory reporting: the scope and form of mandatory reporting that must be provided by subjects for tax accounting is determined.

2. Tax control and audit: it is established when the compliance of subjects with tax legislation is verified, including the selection of audit objects, the organization and conduct of the audit itself. Rights and obligations of the parties in the audit process: the cooperation of subjects and tax control bodies during the audit is determined, including the right to protection and confidentiality of information.

3. Consideration of tax cases and judicial protection: the procedure for filing appeals, contesting tax decisions and conducting court hearings is established. Rights and obligations of the

parties in legal proceedings: defines what rights subjects and tax control authorities have in legal proceedings, including the presentation of evidence, conducting debates and other aspects.

4. Conciliation and mediation: the possibility and conditions of settling tax disputes through reconciliation between the parties or with the help of a mediator are determined. Protection of the rights of reconciliation participants: the procedure for ensuring the rights and interests of subjects in the reconciliation process is regulated.

5. Use of information technologies: the procedure for using information technologies for submitting tax reports, exchanging data and communicating with tax authorities is determined.

6. Settlement of disputes and execution of decisions: the procedure for the settlement of tax disputes by subjects using out-of-court procedures is established. The procedure for the implementation of decisions: the procedure for the implementation of decisions that are taken in the process of consideration of tax issues is determined.

Thus, a proper example of the transformation of legal relations from material to procedural is the provisions of Article 56 of the Tax Code of Ukraine, according to which: "Decisions made by the controlling body can be challenged in an administrative or judicial procedure. If the taxpayer believes that the supervisory body incorrectly determined the amount of the monetary liability or made any other decision that contradicts the legislation or goes beyond the powers of the supervisory body established by this Code or other laws of Ukraine, such a taxpayer has the right to appeal to a complaint about the revision of this decision to a higher-level supervisory body. During the administrative appeal procedure, the burden of proving that any assessment made by the controlling body in the cases specified by this Code, or any other decision of the controlling body is legitimate, rests with the controlling body. The duty to prove the legality of the assessment or the adoption of any other decision by the controlling body in a court appeal is established by the procedural law. Taking into account the statute of limitations specified in Article 102 of this Code, the taxpayer has the right to appeal in court a tax notification – decision or other decision of the controlling body at any time after receiving such a decision." (*VRU, 2010: 177*).

The peculiarity of the procedural rules of law, which regulate the status of subjects of tax legal relations, is manifested in their direction to ensure legal interaction between subjects and tax control bodies, as well as in determining the procedure for resolving tax issues and disputes.

5. Directions and procedure for coordination of material and procedural norms of financial law when regulating the behaviour of subjects of tax relations

Procedural norms provide subjects of tax relations with the right to effective protection of their rights and legitimate interests in tax disputes and audits, may provide for transparency and publicity of tax procedures to ensure availability of information for subjects and the public. Procedural norms may include provisions aimed at simplifying tax accounting procedures and reducing bureaucratic burdens for subjects, provide for the possibility of mediation and mediation to settle tax disputes without court proceedings.

In addition, it is key that the procedural norms determine the rights and obligations of subjects and tax control bodies in the process of audit, appeal and trial, may establish clear terms and deadlines for submitting appeals, appeals and other documents to ensure timely resolution of tax issues, promote the use of modern information technologies for reporting, data exchange and other electronic interaction between subjects and tax control bodies and provide for the possibility of concluding agreements and negotiations between subjects and tax control bodies to resolve tax issues.

Coordination of substantive and procedural rules of law in the tax sphere is an important aspect for ensuring efficiency and fairness in the taxation system. This involves the interaction of rules that determine the rights and obligations of subjects in the field of taxation (substantive norms) and procedures by which tax issues and disputes are resolved (procedural norms).

Material norms determine the main rights and obligations of subjects in the field of taxation, such as the obligation to pay taxes, the right to exemptions or benefits. These norms should be clear and unambiguous. Procedural norms, in turn, provide procedures by which subjects can protect their rights or appeal the decisions of tax control bodies.

Tax legislation should be accessible and understandable for subjects. This is important so that subjects can correctly determine their status and obligations. Appeal procedures, appeals and other procedural points should also be clear and easily accessible to subjects who wish to appeal the decision. Material and procedural norms must interact, which consists in ensuring a clear interaction helps to avoid conflicts and uncertainty in the process of solving tax issues.

Substantive norms may provide certain incentives, benefits or incentives for voluntary compliance with tax obligations, while procedural norms may encourage the resolution of disputes through conciliation or other forms of mediation.

In general, the coordination of substantive and procedural norms helps to create a coherent and effective system of tax law that takes into account the interests of subjects, ensuring their rights and protecting them from possible shortcomings or abuses.

6. Conclusions

As a result of the research, it is fair to reach the following conclusions.

Firstly, the author analysed the doctrinal developments with the analysis of the positions of scientists and different approaches to defining the concept of subjects of tax legal relations and provided his own understanding of the unification of these opinions. As a result of the conducted research, it was determined that the subject of tax legal relations is an important chain in the country's financial management system, his actions and responsibilities determine the level of contribution to the economy and contribute to ensuring the financial stability of the state.

Secondly, the author presents the results of a thorough analysis of the provisions of substantive legislation in the field of tax law regulation through the prism of defining the main classes and classifications of their existence and regulating the behaviour of the parties to tax disputes. The material provisions of the legislation have been analysed in terms of their definition of the rights and obligations of subjects of financial law (tax legal relations), taxation of income and profit, tax obligations and fixed-term obligations, tax control and responsibility, aspects of international taxation. Also, it was concluded that the main features of these material norms include: the detailing of tax obligations, namely the material norms often detail the types of taxes, tax rates and mechanisms for their payment.

Thirdly, as a result of the study, the need for the existence and regulation of the current financial legislation of Ukraine by procedural norms became clear, groups of procedural norms were proven and their characteristics were given in view of the analysis of proceedings in cases of tax offenses. It is proven that procedural norms regulate, in particular, but not exclusively, such institutes as the institute of tax declaration and reporting, tax control and audit, consideration of tax cases and judicial protection, conciliation and mediation, use of information technologies, settlement of disputes and execution of decisions.

Fourthly, the author formed a position regarding directions and the procedure for harmonizing material and procedural norms of financial law when regulating the behaviour of subjects of tax relations on the basis of their interdependence. It is proved that the order and directions of coordination involve the interaction of the rules defining the rights and obligations of subjects in the field of taxation (substantive norms) and the procedures by which tax issues and disputes are resolved (procedural norms).

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