THEORETICAL - METHODOLOGICAL DEFINITIVE APPROACHES OF TAX PLANNING

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***Introduction*.**The need for tax planning has always been used by theorists as an effective financial management tool, encouraged to be actively used in practice. The formation of tax liabilities is an integral part of the activity of each economic entity. Although mainly economic entities are mostly aware of the importance of taxation from the point of view of public interests, in particular, they consider the tax levied on organizations as an additional financial burden, and then try to lighten it as much as possible. In this regard, the tax planning toolkit is being implemented.

Methodology. Studies show, that there is no common definition of tax planning in the professional literature. However, in general, tax planning is considered by organizations as a tool to reduce the tax burden legally [1]. Thus, tax planning is considered by the taxpayer as a targeted legal activity aimed at reducing tax expenditures, duties and other mandatory budget expenditures. According to another approach, tax planning is defined as a means of reducing tax liabilities when legal benefits are used and tax reduction opportunities [2]. It is argued, that tax planning is simply a choice of legal entity status, with the aim of reducing the amount of tax liability incurred in the course of economic activity [3]. Moreover, it is suggested to engage in tax planning even at the roots of starting a business, in order to understand what legal status of the economic entity in terms of taxation is most favorable for the businessman [4].

***Literature review*.**In this regard, it is believed that tax planning combines the strategic decisions of the organization's economic activities to reduce tax costs and increase net profit as much as possible [5]. It is further emphasized, that tax planning should take into account macroeconomic and microeconomic factors in terms of identifying and preventing risks of sharp increases in tax liabilities [6].

Tax planning is also considered from the point of view of financial management of organizations, considering that it is an integral part of the financial management system, using the opportunities provided by law to present a strategy for achieving optimal tax liabilities [7]. In this regard, tax planning is defined as the most important area of the organization's strategic financial management, with the aim of increasing cash inflows and, to increase profits, to contain tax liabilities as much as possible in foreseeable future [8].

In the professional literature, it is also stated that tax planning is one of the most important areas of managing the financial and economic activity of an economic entity, the purpose of which is to legally circumvent a certain amount of tax liabilities by applying tax privileges and even existing legislative gaps [9]. According to another definition, tax planning is a way of predicting the possible behavior of the organization in the event of a change in the tax regime, as well as through cooperation with regional tax authorities, the development of methods to reduce tax costs [10]. In this regard, tax planning is considered as an area of activity, that can alleviate the impact of the external environment on the current and prospective activities of the organization, ensure a balance between fiscal regulatory functions and thereby enhancing the role of the tax system, reducing investment risk, increasing entrepreneurship [11].

Scientific novelty. Based on the above, we present a new definition of tax planning, according to which: "Tax planning is the formation of goals, which is accompanied by the optimization of the tax burden by measuring and evaluating the expected results of treasury functions aimed at business efficiency." In our definition of tax planning, in fact, the emphasis is not on reducing the tax burden, as is done in the classical literature, but on optimizing the tax burden on business efficiency.

Analysis. Tax planning was referred to in the "Concept of Tax System Reforms" adopted by the Ministry of Finance of the Artsakh Republic, where mentioned, that fight against aggressive tax planning of illegal business states the need to reveal the use of tax evasion mechanisms. In particular, the concept states that in contrast to illegal business, which is directly legislated as a case of tax evasion as a consequence, sanctions are applied, aggressive tax planning is more difficult to qualify as a violation of tax law, as additional evidence is needed. Thus, in order to increase the effectiveness of the fight against aggressive tax planning, it is proposed to improve the system of receiving, comparing and selling information by third parties [12].

Tax planning is also correlated with the range of forecasting functions, when businesses assess the composition and structure of future tax flows by a number of criteria, thus finding ways to optimize the tax burden in the foreseeable future. Thus, the analysis of the theoretical-methodological definitions of tax planning in the professional literature shows, that there is still no common approach to the definition of tax planning among the authors. This is justified by us only because this financial function can be used for different purposes hierarchies. Thus, if we generalize the key goals of tax planning in the economic level, we will see that they are in different macro and micro economies (see Figure 1). The main purpose of tax planning at the state level is to record tax revenues to the state budget by structure. Not only sound education but his alertness and dedication too are most required. The tax policy pursued by the state is not limited to the fiscal function, but also aims to activate the tax incentive, regulatory and control functions. Therefore, macro-level tax planning is based on goals that, on the one hand, provide the necessary tax revenues to the state budget and, on the other hand, promote the implementation of effective tax policy. Consequently, if macro-level tax planning only sets itself the task of maximizing the collection of state budget revenues, bypassing the social, redistributive, incentive principles of taxation, it can not contribute to the implementtation of an effective fiscal policy by the state.

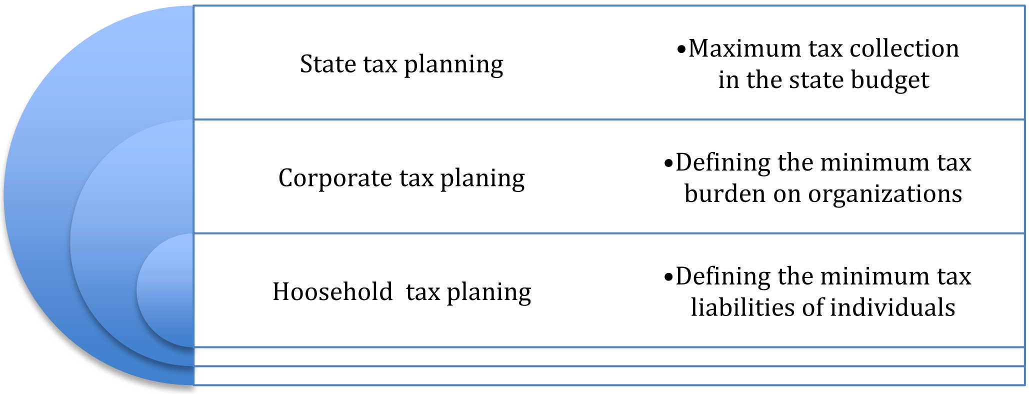

Figure 1. Main objectives of tax planning in economic hierarchy (composed by author)

In the case of corporate tax planning, the key is not only the circumvention of legal obligations, as is customary in the professional literature, but also the optimization of the tax burden, so that it does not hinder the development of business, reduce tax costs and increase business profitability. Therefore, in the case of corporate tax planning, the organization's efforts to reduce taxes, to set the minimum tax burden, need to be redirected to structural tax liability improvements, contributing to the sustainable development of the business and prevent tax risks.

Tax planning operates at the household level when individuals try to take advantage of tax breakdowns, tax deductions set by the state, as well as behavioral, environmental, social, environmental tax allowance. In this case, households tend to tax planning, so that in the foreseeable future they can enjoy the legislative benefits provided by the state to reduce their tax liabilities to the state. Thus, if we consider planning in the financial management system as a special tool to achieve the set goals, then at different levels of the economic hierarchy, it is the same, in the case of tax planning we will have the following series of actions:

- setting goals;
- clarification of software activities;
- identifying the necessary resources and sources for the implementation of the planned activities;
- clarification of measurability and materialization of planned results.

Therefore, although tax planning has different goals at different levels of the economy hierarchy, it is consistent with the general rules of the planning process, but has unique functions (see Figure 2).

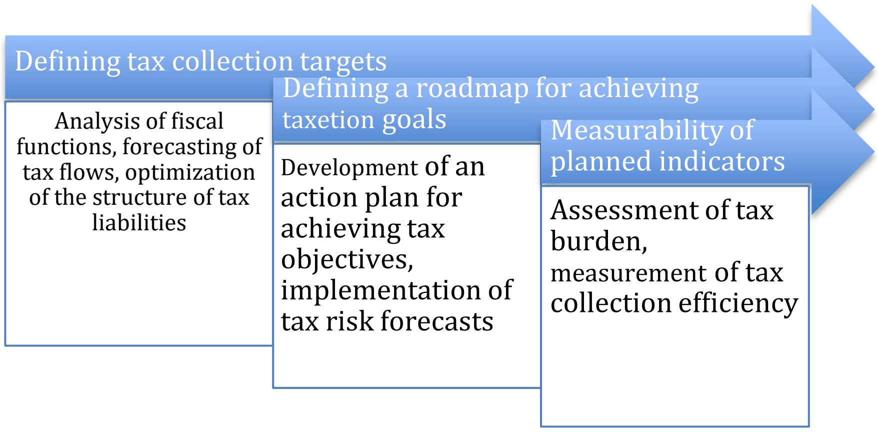

Figure 2. Roadmap for tax planning implementation (composed by author)

Conclusion. Finally, at the macro level, it is possible to increase tax collections, state budget expenditures, but without creating a sound tax burden, without supporting the sustainable development of the economy. In the same way, organizations can reduce the level of business activity, slow down the process of economic activity, thereby achieving a certain reduction in tax expenditures, to achieve a lightening of the tax burden. However, with this approach, neither organizations nor householders will be in a favorable position when conducting tax planning. Even in individual tax planning, when householders seek to legally reduce their tax liabilities by simply reducing their personal income, it will simply lead to a decline in society's standard of living. Therefore, in tax planning, it is necessary to combine the formed tax liabilities with the efficiency of taxation, which we consider important in terms of increasing the efficiency of the economy.

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Theoretical - metodological definitive approaches of tax planning

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The main purpose of tax planning at the state level is to record tax revenues to the state budget by structure. Not only sound education but his alertness and dedication too are most required. The tax policy pursued by the state is not limited to the fiscal function, but also aims to activate the tax incentive, regulatory and control functions. Therefore, macro-level tax planning is based on goals that, on the one hand, provide the necessary tax revenues to the state budget and, on the other hand, promote the implementation of effective tax policy. Consequently, if macro-level tax planning only sets itself the task of maximizing the collection of state budget revenues, bypassing the social, redistributive, incentive principles of taxation, it can not contribute to the implementation of an effecttive fiscal policy by the state.