

## SYSTEM OF PUBLIC ADMINISTRATION IN THE FIELD OF DE-SHADOWING OF ECONOMIC RELATIONS IN UKRAINE

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**Abstract.** It is established that the de-shadowing of economic relations should first of all provide a comprehensive system of measures aimed primarily at minimizing (destroying) the causes and preconditions for the emergence and development of shadow economic relations. An important strategic goal of de-shadowing economic relations is to significantly reduce the current level of shadowing through the creation of favorable conditions in the field of attracting shadow resources to legal, economic relations and a significant increase in existing national wealth. The structure and stages of implementation of the state policy of de-shadowing of economic relations in Ukraine until 2025 are presented for growth and development and support of economic security of the state. It is established that economic illegality poses a direct threat to domestic and international security, leads to a decline in economic stability in the state, which poses a threat to political and legislative power, threatens statehood, destroys the normal functioning of social and economic institutions, provokes them, increasing loss of confidence democratic reforms, destroys the mechanism of economic growth and nullifies the achievements. The factors of formation and implementation of the state policy of de-shadowing economic relations in Ukraine by grouping them into economic ones (crisis of the financial mechanism, high level of taxes, goal of entrepreneurs to make extra profits, business relationship with criminal entities), social (low quality of life, high unemployment)), legal (low level of legal knowledge and legal culture of citizens, there is no clear line between official and shadow activities, low provision of law enforcement agencies with the necessary material and technical means), state (corruption of state bodies of any government, prerequisites that allow state property and others).

**Keywords:** public policy, de-shadowing, economic relations, system, public administration.

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## INTRODUCTION

An urgent problem of modern Ukraine is the reform of existing and the formation of new institutions of power. The results of the assessment of domestic and world experience that the efficiency of the national economy is not possible without proper public administration. In order to establish the processes of functioning of the economy in the planned mode, for the sustainable development and modernization of economic phenomena and relations, the target influence of the state on social processes is public administration. Management is based on the implementation of the system of public authorities. Given the need to adapt to changing conditions, the existing administrative apparatus was primarily unable to ensure the formation, functioning and development of the state at the required level. Therefore, improving the system of public administration, filling it with highly qualified personnel in the early 90's of the twentieth century has become urgent for our country [1].

The specifics and complexity of the socio-political situation in Ukraine provided that the process of reforming the mechanisms of public administration in general took place in parallel with the formation and direct formation of the system of institutions of executive power. The formation of an effective domestic system of public administration was primarily constrained by the fact that for a long time the country had virtually no conceptual approaches to the tasks of formation and organization of power in the state. The purpose of the article is to substantiate the practical foundations of the functioning of the public administration system in the field of de-shadowing of economic relations in Ukraine.

## Results

The processes of shadowing of the economy, the lack of the necessary number of measures and efforts to overcome it, played a significant role in

the functioning of the system of public administration. Such processes lead to ineffective implementation of civil society principles, negatively affect Ukraine's image in the world, slow down foreign investment, worsen trade and economic relations of domestic enterprises with international partners, delay Ukraine's European integration intentions and more. All this in some way objectively affects the need for active action in the direction of de-shadowing economic relations.

Among the dominant factors leading to the expansion of the shadow economy in Ukraine should be noted [2-3]:

### 1. Economic factors:

- the crisis of the financial mechanism - contributed to the outflow of money from the banking sector and the multiplicative negative effect on most parts of the economy;
- significantly high level of taxes, significant number and complex process of tax calculation form objective conditions for the formation of the shadow economy, excessive tax pressure, which is contrary to the interests and properties of the vast majority of individuals and legal entities operating within the legislative field;
- consolidation of preferential terms of action for certain business entities - the elimination of the production-stimulating credit and financial system, and as a result, the lack of investment attractiveness for shadow capital;
- the goal of entrepreneurs to get extra profits - there is no place for entrepreneurs in the psychology of doing business, unpreparedness to work for the long term, profitability indicators traditionally dominate over such values as market share, customer satisfaction, etc.;
- the relationship of business with criminal organizations - the growth of criminal structures,

irresponsibility of their activities, negative consent of the country to criminal accumulation of capital, legalization of criminal authorities, as well as in socio-political life and as a result, integration of organized crime with economic activity.

#### 2. Social factors:

- low standard of living - more than 33% of the population earns below the subsistence level, 10% of citizens have incomes 2 times below the subsistence level. This situation makes a certain part of society a potential source of "labor resources" of the criminal environment;
- high unemployment and the orientation of the population to make a profit in any way;
- uneven division of gross domestic product.

#### 3. Legal factors:

- low provision of law enforcement agencies with the necessary material and technical means;
- low level of legal knowledge and legal culture of citizens - the lack of permanent and balanced legislation that would transparently regulate economic activity, would provoke the promotion of socially useful business initiatives and eliminate legal nihilism of the state and population;
- weak training of law enforcement officers to operate in new economic areas - inadequacy of forms and methods of law enforcement agencies in connection with qualitative changes in the shadow economy, mainly in economic crime;
- without limits the regulatory area in state legislation and a number of processes of shadow operations;
- does not have a clear line between official and shadow activities.

#### 4. State factors:

- corruption of state bodies of any government agencies, management services: tax and sanitary and epidemiological control, fire safety, etc., and as a result, corruption;
- preconditions that make it possible to use state property and resources of organizational structures in order to obtain informal private income by government officials and managers;
- the likelihood of lobbying by business representatives in government agencies through the inclusion of firms in their staff in the form of "consultants" officials of higher and higher ranks - the imperfection of laws and other factors allow officials to exercise their powers at their own expense. use of financial, energy and raw materials.

It should be noted that the declarative de-shadowing of economic relations was attributed to the strategic principles of state policy at all stages of formation and development of Ukraine as an independent state [4].

In turn, comprehensive, more systematic, work in Ukraine on de-shadowing of economic relations began only in 2001 with the publication of a set of regulations, namely Decrees of the President of Ukraine: "On the decision of the National Security and Defense Council of Ukraine from 20.03.2001; "On measures to de-shadow the economy" of 25.01.2001 and "On measures to de-shadow the economy of Ukraine for the period 2002-2004" signed on 05.03.2002 [5].

The following effective were the following legal acts of Ukraine in the research area: Resolution of the Cabinet of Ministers of Ukraine "On approval of the State Program" Smuggling - STOP "for 2005-2006"; Decrees of the President of Ukraine "On the principles of preventing and combating corruption" (February 10, 2011), "On priority measures to de-

shadow the economy and combat corruption" (November 18, 2005) [5] and others.

In order to establish fairness, we note that the set of measures presented has led to some positive results, namely: partial liberalization of the legal framework for domestic entrepreneurship (significantly reduced the number and duration of inspections of enterprises, somewhat streamlined registration and licensing procedures); there was a decrease in the volume of barter transactions from 42.4% in 1997 to 2.3% in 2003 [6]; increasing the level of quality of use of available budget funds on the basis of limiting various non-monetary forms of settlements with the budget and the transition to the existing and still treasury form of service of all budget operations.

In turn, such a positive impact was primarily characterized by inconsistency and fragmentation, and in turn, minimal consequences for the national socio-economic system. Analyzing the strategy of the State Fiscal Service of Ukraine, we noted that there is a certain system of de-shadowing of economic relations, which primarily provides a roadmap for timely identification and prevention of dubious tax credit based on automated filtration selection.

The main purpose of such a strategy is to increase budget revenues at various levels. The key tasks are to increase the level of collection of payments to budgets through the destruction of schemes to minimize tax liabilities, identification and cessation of various illegal activities of enterprises, institutions and organizations and the elimination of tax avoidance schemes for "beneficiaries". The main desired result involves: implementation of the tasks set before the tax authorities to ensure the receipt of appropriate payments to the budget, taking into account payments by de-shadowing economic processes, working out possible risky taxpayers that

minimize taxes based on various minimization schemes, completion of various conversion transit groups, increasing tax returns from the real sector of the economy.

The state policy of de-shadowing economic relations will not be effective if it is not formed on complete, timely, reliable and objective quantitative and qualitative data on the current state of corruption, the dynamics of possible changes, the effectiveness of de-shadowing measures. To date, the draft Anti-Corruption Strategy for 2021-2025, in general, has been prepared taking into account the proper analysis. This is primarily confirmed by the analysis of the state of corruption in Ukraine and the effectiveness of the implementation of the Anti-Corruption Strategy, which was developed for the period 2014-2017. The explanatory note to the draft Anti-Corruption Strategy presents in more detail the analysis of relevant data on the current state of corruption (urgency of the problem, corruption experience for the population and business, its dynamics, the level of perception of corruption by the population, business and experts in various fields). on bringing to justice for corruption, indicators of the effectiveness of the previous strategy, analysis of existing international obligations of Ukraine in the field of de-shadowing of economic relations.

Thus, the general concept of the draft Anti-Corruption Strategy envisages first of all a focus on two key areas of de-shadowing economic relations: minimization and neutralization of corruption risks in certain sectors and further institutional development of the national system of de-shadowing economic relations. This approach is certainly ambitious, but it deserves support and is primarily relevant for modern Ukraine, according to research, such as such as House House [7].

Also in the draft Anti-Corruption Strategy considerable attention is paid to the neutralization of corruption risks in the

prosecutor's office, the judiciary in general, the police; state management of economic relations in the country (taking into account the activities of the Antimonopoly Committee of Ukraine and antitrust law in general); customs and tax spheres; construction, land relations and infrastructure; public and private sectors of the real economy; defense sector; social protection, health, education and science.

On the issue of development of institutions of de-shadowing of economic relations, such a draft Anti-Corruption Strategy includes the development of a state policy of de-shadowing of economic relations, formation of indifference to corruption, modernization of the institution of conflict of socio-economic interests and declaration of public servants' responsibility for corruption (taking into account the activities of the authorities in the field of de-shadowing of economic relations, which in some way specialize in high-level corruption) and combating the legalization of assets obtained through corruption.

Thus, the state policy of de-shadowing economic processes should focus on the main corruption risks and problems. That is, both the draft Anti-Corruption Strategy prepared by the National Academy for the Prevention of Corruption and the draft law prepared for the second reading in the Verkhovna Rada of Ukraine meet this requirement. In turn, in the practical absence of the current approved Anti-Corruption Strategy, a program for its implementation also needs to be developed. However, the various legislative changes proposed by Bill 4135 and the draft Anti-Corruption Strategy for 2021-2025 also stipulate that the state program for the implementation of the Anti-Corruption Strategy must contain the following components: number, name and content of the event; specific substantiated indicators on the implementation of the event; deadlines for the implementation of the measure; directly the performers of the event; sources and amounts of funding for

activities. In general, such requirements for the content of any state program are appropriate and continue to be relevant at the stage of preparation and approval of the state program for the implementation of the Anti-Corruption Strategy.

According to the Ministry of Economy, the level of the shadow economy in January-September 2021 amounted to 31% of official GDP, which is 1% less than in 2020. The calculation of the level of the shadow economy is carried out using modernized guidelines, which are approved by the order of the Ministry of Economy from 20.01.2021 № 104 (Fig. 1).

As a result of the analysis, it was found that a slight decrease in the level of the shadow economy was primarily due to the adaptation of economic entities to operate in conditions of unpredictable quarantine restrictions. This is confirmed by certain optimistic plans in business activity, ensuring the preservation of sustainable consumer and investment demand in different levels of epidemic danger and, as a result, improving in their reporting period (compared to January-September 2020) financial results from enterprises in on the basis of favorable foreign economic conditions.

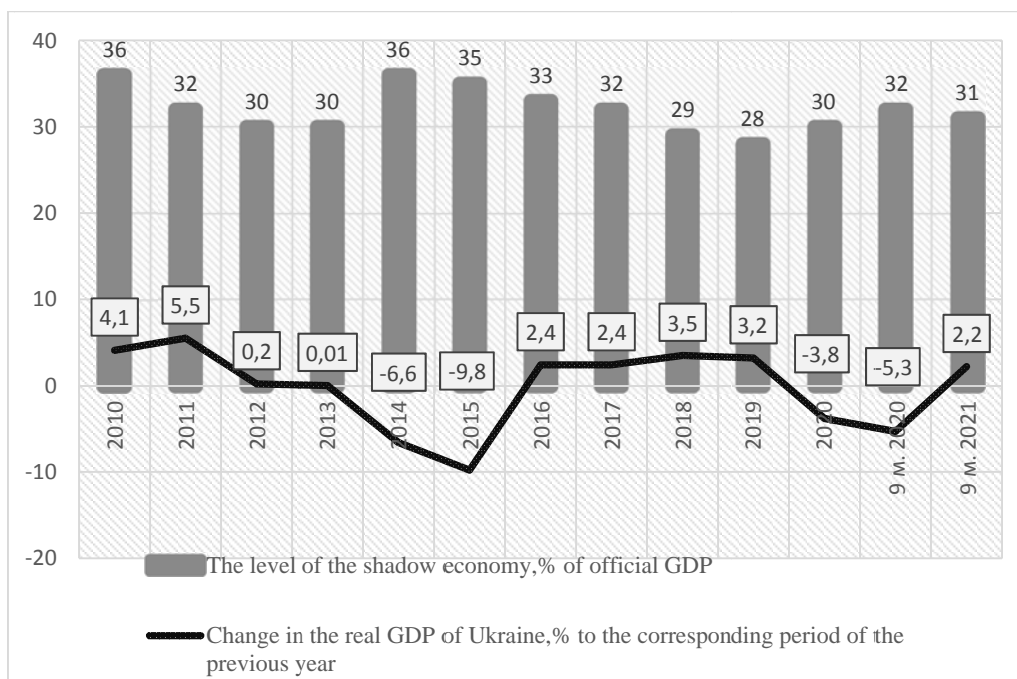
## CONCLUSIONS

To ensure the stabilization and development of economic relations, to promote the proper functioning of a comprehensive mechanism for implementing the state policy of de-shadowing economic relations in Ukraine, we offer:

- to adapt the national legal framework to the common international standards, to ensure proper interconnection of legal acts and joint work for the executive branch, allowing the formation of a comprehensive mechanism of strategies and programs for effective socio-economic development of Ukraine;

- strictly adhere to the obligations of the international level in the field of de-shadowing of economic relations;
- to form a modern, innovative model of functioning of public authorities at

all levels and the public in the field of de-shadowing of economic relations.



**Fig. 1. Integrated indicator of the level of the shadow economy in Ukraine (in% of the volume of official GDP) and the rate of growth / decrease of the level of real GDP (in% to the corresponding period of the previous year)**

Source: calculations of the Ministry of Economy of Ukraine

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