

THEORETICAL FOUNDATIONS OF TAX BURDEN OPTIMIZATION

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Abstract : In this article, the effectiveness of fiscal policy in a market economy is one of the main factors ensuring the stability of the state financial system. The issue of the relationship between the size of state taxes and their impact on the economy has caused much debate in economic theory. From this point of view, the concept of the “Laffer curve” put forward by the American economist Arthur Laffer is recognized as an important theoretical tool in explaining the impact of the tax burden on economic efficiency.

Keywords : Tax burden, optimization, fiscal policy, tax rates, tax incentives, business entities, investment environment, state budget.

Tax burden optimization is the process of maintaining the volume of obligations borne by taxpayers at a level that is balanced between the interests of the state and the economic capabilities of economic entities. It is theoretically based on the following principles:

1. The principle of fairness - taxes should be distributed according to the financial capabilities of the population and economic entities.
2. The principle of efficiency - taxes should stimulate economic activity and improve the investment climate.
3. The principle of sustainability - it is necessary to ensure the continuity of state budget revenues and fiscal policy.
4. The principle of flexibility should provide for the possibility of revising the tax burden as economic conditions change.

The main mechanisms used in the optimization process include adjusting tax rates, granting tax breaks, introducing preferences, expanding or narrowing the tax base, as well as improving tax administration.

There are different approaches to optimizing the tax burden in the scientific literature. For example, while classical economists consider taxes only as a necessary tool to cover government spending, modern economists see them as a factor that stimulates economic growth and entrepreneurial activity. In particular, the Laffer curve theory is widely used to explain the optimal ratio between the level of taxes and government budget revenues.

Laffer curve line idea from that consists of tax rates known from the level then their increase state budget their income multiplication instead of reduces . Theory graphic in appearance parabola in the form of is expressed as :

- 0% tax at the rate state budget income absolute zero will be , because taxes in general not

charged .

- 100% tax income at the same rate to zero equal will be , because economic agents working release and income to take interested It wo n't be possible .
- These two of the border in the middle and state budget for maximum income provider **optimal tax rate** there is .

Laffer curve of the line main idea is that the state tax the load too much more than increases , the "shadow economy " expands , taxes base shrinks and as a result budget income On the contrary , the tax the load optimization through working release size , investment and entrepreneurship activity increases , this and state budget of income stable growth provides .

Laffer theory taxes and budget income between connection in explanation important theoretical basis to be service This idea was popularized in the United States in the 1980s by the Ronald Reagan administration . by fiscal in politics wide applied . In particular , “supply-side economics” (supply -side encouragement economics) approach within tax rates reduction through economic activity increase idea based on given .

Also, this theory other developed fiscal in countries as well politics in formation important theoretical evidence as used . For example , tax the load reduce through working release efficiency increase , investment the environment improve and new work places create opportunity existence scientific and practical in terms of approved .

However, the Laffer curve theory has been criticized for some aspects. First of all, although the exact percentage level of the optimal tax rate is theoretically determined, determining it in practice is a difficult process. Because the economic conditions, tax base, production volume and tax discipline of countries vary. Also, the theory has been used in some cases as a basis for excessive liberalization of fiscal policy, which has led to budget deficits in the short term.

Another important aspect of optimizing the tax burden is ensuring a fair distribution of the tax burden among different economic entities. A differentiated approach, tailored to their economic capabilities, is more effective than a uniform approach for large enterprises, small businesses, and individuals.

Also, in international practice, incentive elements in taxation are widely used. For example, tax incentives for export activities, tax preferences to support innovative activities, and certain levels of tax relief for the development of agriculture or social sectors are widely used. Such approaches not only reduce the tax burden, but also serve to develop priority sectors of the economy.

Conclusion to do if we are The Laffer curve theory is one of the important scientific concepts in explaining the optimal ratio between taxes and state budget revenues . It argues that excessive tax increases reduce economic activity and expand the shadow economy, while tax optimization serves economic growth. Therefore , each country should use this theory scientifically and practically in developing its fiscal policy, but adapt it to the specific conditions of the national

economy.

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