

**COMPARATIVE ANALYSIS OF TAX POLICIES OF THE REPUBLIC  
OF BELARUS AND SWEDEN**

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**Аннотация.** Taxes are the main part of the state budget as well as one of the most important components of economic relations. The problems of implementing the tax policy, the structure of tax revenues and problematic issues of tax policies of both countries have been analyzed.

**Ключевые слова:** tax, tax policy, tax revenues, tax collection, financial stability, payments.

Taxes are the main part of the state budget as well as one of the most important components of economic relations. Besides, taxes play one of the main roles in ensuring financial stability and achieving social well-being of citizens as well conduct the function of a tool for regulating the economic activities of enterprises in the Republic of Belarus.

According to the Unified Portal of Financial Literacy of the Republic of Belarus, taxes are mandatory payments that individuals and organizations transfer to the budget

free of charge [1]. Due to these funds the state can perform such functions as provision of social support, finance education, healthcare, law, road construction and so on.

Taxes in the economy perform a fiscal function (ensuring the receipt of funds to the state budget, extra-budgetary funds), regulatory function (the use of taxes to organize social and economic life in the country) and social function (smoothing out the differentiation of income in the society by introducing progressive taxation). Thus, tax policy is a set of economic, financial and legal measures of the state to form the country's tax system in order to meet the financial needs of the state, individual social groups of society, as well as the development of the country's economy through the redistribution of financial resources [2, p.7].

The implementation of tax policy is carried out through a tax mechanism, which is a set of forms and methods of tax relations between the state and taxpayers. The basic elements of the tax mechanism are planning, regulation and control. Tax planning is aimed at ensuring qualitative and quantitative indicators of the country's social and economic development programs based on the current tax laws. Tax regulation is interested in achieving the balance of interests of payers and the state by creating a common tax climate for internal and external activities of organizations (benefits, sanctions, installments, deferrals, etc.) In addition, an important means of implementing state policy in the field of income regulation is the tax rate. Tax control exists to make decisions on the implementation of corrective measures in the field of taxation aimed at bringing the actual execution closer to the planned one [2, p.24].

However, there are a number of controversial issues in the process of forming and implementing the tax policy. Firstly, it is the growth of indirect taxes, which leads to higher prices and inflation. Secondly, taxes affect the amount and distribution of income from production and sales, acting as an indirect factor of structural transformations and capital overflow. Thirdly, proportional taxation of income is unfair as both the rich and the poor pay the same tax rate. Most countries use progressive taxation, differentiation of rates and income levels, and they set a non-taxable minimum. But it should be mentioned that excessive progressive taxation reduces the accumulation of capital and the motivation of the population to pay taxes honestly.

At the same time, some authors determine the criteria for the effectiveness of the tax policy in any country, such as the ability of the tax policy to concentrate sources of income; the ability of the tax policy to determine an acceptable tax base that will ensure tax revenues even at low tax rates; the focus of the tax policy on minimizing tax liabilities on payments and the neutrality of the tax policy regarding incentives to pay taxes.

Having analyzed the distinctive features of the tax policy of the Republic of Belarus it should be underlined that the tax policy of our country is carried out through a tax mechanism, the main elements of which are planning, regulation and control and there are about 124 forms of taxation in Belarus. Secondly, VAT is canceled for it and individual entrepreneurs do not have the right to use the simplified taxation scheme, with the exception of entrepreneurs working in the field of tourism, catering services, as well as healthcare, computer programming and land transport activities. Then, the budget system of Belarus consists of the republican budget and local budgets (the same situation appears in France and Japan). Besides, the state does not limit its intervention in the economy only by changing tax rates but at the same time tax legislation is unstable and taxation rules change frequently.

The table below shows the structure of tax revenues to the budget of the Republic of Belarus.

Table 1. – The structure of tax revenues to the budget of the Republic of Belarus

Type of tax	%
Property taxes	3,8
Value added tax	36,8
Income tax	20,2
Duty	8,9
Income tax	8,7
Taxes from foreign economic activity	13,6
Other taxes and revenues	8,0

Source: [3]

According to the data analyzed it can be concluded that the bulk of tax revenues are value added tax, income tax and taxes from foreign economic activity.

The analysis of the main features of Sweden's tax policy shows that tax categories there are divided into direct and indirect ones and, in particular, all income, except for individuals and legal entities, and property are subject to direct taxes. Secondly, all direct taxes are divided into income tax, corporation tax, real estate tax. The list of taxes for Swedes is determined by their status and income tax depends on the category of the population (foreigners, residents, former residents, if they have real estate in the country). Besides, there is a tax on entrepreneurial activity (ranges from 30% to 55%), there is a 'name' tax (if the pronunciation of the name creates discomfort to other citizens, then the child's parents must pay a fee) and a religious tax (1-2% of the profit). There are several basic VAT rates (25%, 12%, 6% and 0%), but the employer is obliged to transfer insurance premiums (25.46% for employees who were born in the 1990s and later and 11.83% for employees born during 1938 to 1949), for the rest of the employees, this rate is equal to 31.42% of the gross salary. Sweden has concluded double taxation treaty with many countries which means that a person who has paid taxes in another country do not pay for the same activity in Sweden [4].

The table below shows the structure of tax revenues to the budget of the Kingdom of Sweden.

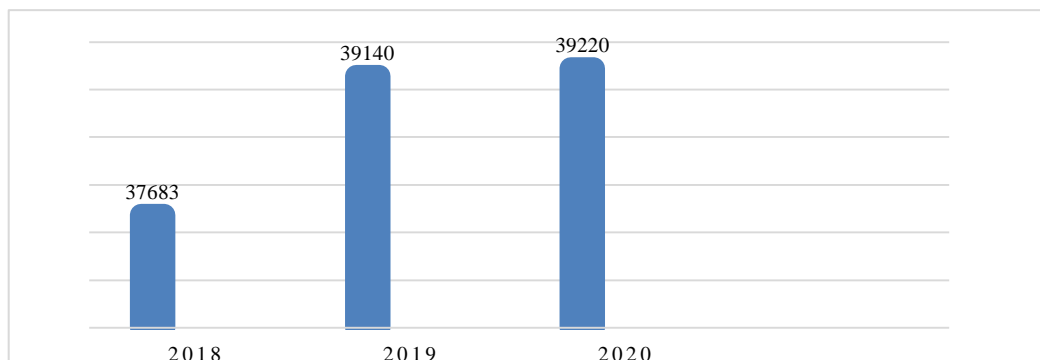
Table 2. – The structure of tax revenues to the budget of the Kingdom of Sweden

Type of tax	%
Property taxes	2,4
Value added tax	20,7
Income tax	28,9
Social contributions	24,0
Duty	6,2
Income tax	6,4
Other taxes and contributions	11,4

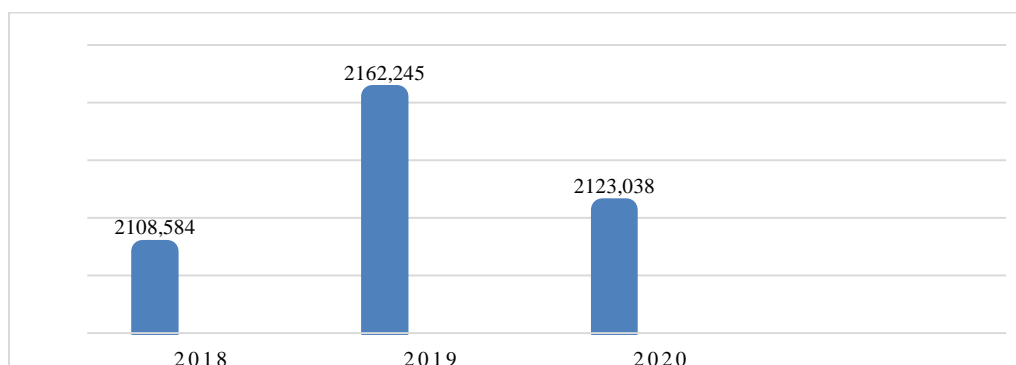
Source: [4]

According to the data shown it can be concluded that the basis of tax revenues are value added tax, income tax and social contributions.

Total amount of tax revenues to the budget of the Republic of Belarus and the Kingdom of Sweden for 2018-2020 is shown in figure 1 and 2.



**Figure 1. – Total amount of tax revenues to the budget of the Republic of Belarus for 2018-2020 [3]**



**Figure 2. – Total amount of tax revenues to the budget of the Kingdom of Sweden for 2018-2020 [4]**

Based on the data shown it can be concluded that tax revenues to the budget of the Republic of Belarus in 2018 amounted to 37683 million rubles, in 2019 – 39140 million rubles and in 2020 – 39220 million rubles, which showed the positive statistics effectiveness. While tax revenues to the budget of the Kingdom of Sweden in 2018 amounted to 2108.584 million krona, in 2019 – 2162.245 million krona and in 2020 – 2123.038 million krona. It is quite noticeable that the Kingdom of Sweden has been striving hard for perfection in the terms of tax revenues, but the coronavirus pandemic added some difficulties, which affected the positive dynamics.

Despite the increase of tax revenues during 2018-2020, the main problem of the tax policy is considered to be the problem of tax evasion. Among the economic reasons for this problem must be mentioned the deterioration of the financial situation of businesses and the population, a decrease in income, the export of capital abroad, a strict tax policy, a high tax burden and the lack of legal opportunities to ensure competitiveness in a number of business areas. Secondly, the organizational reasons include shortcomings in the interaction between tax control bodies and other auditing state agencies, inconsistency of their actions as well as insufficient development of international cooperation. We can also name technical reasons related to the imperfection of forms and methods of tax control, the imposition of excessive sanctions, fines, etc. Finally, certain moral and psychological reasons associated with a negative attitude to the tax system, a low level of legal literacy and selfish motivation can also influence the choice about paying taxes.

Therefore, the well-known methods of tax evasion include complete or partial non-

reflection of the results of activities in accounting documents; the use of unreasonable discounts and exemptions, tax benefits; distortion of economic indicators (reduction of the tax base, overestimation of the cost of purchased raw materials, etc.); deformation of the object of taxation (understatement of sales); violation of the accounting procedure for economic indicators (non-compliance with accounting rules, introduction of cash transactions, etc.); the use of intermediary structures (offshore firms, 'one-day firms'), etc.

But there are various ways to reduce tax evasion at the level of state regulation. For example, the personification of social contributions, which increases interest in paying tax payments; changes in the tax base; simplification of tax legislation, as well as stricter system of tax supervision.

Thus, tax revenues make up the basis of the state budget. Some experts believe that taxes are excessively high, the others – that there are too many of them, but all of them agree that they are necessary for the adequate functioning and development of the state. Besides, a tax policy should be the main tool of the state that is able to solve emerging problems. The task of the state is to create such a tax system that would provide financial resources for all public costs, without violating the limits of withdrawal of funds from the taxpayer, which determines the possibilities of expanded reproduction.

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