

## **TAX SYSTEM AS AN ECONOMIC BASE FOR THE SUSTAINABLE DEVELOPMENT**

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There are more than 7 888 000 000, almost 8 billion, of us, the population of the Earth, and Humankind has not yet resolved some important issues, for instance [1]:

- more than 13% of us (1 031 245 749 people) cannot both read and write;
- more than 25% of us (2 billion people) live in conflict areas today;
- more than 8% of us (662 626 330 people) live for less than \$ 2,15 a day;
- more than 10% of us (789 744 572 people) have no access to drinking water;
- 31 986 species are threatened;
- more than 2 200 000 000 tons of waste yearly produced.

At a time when practical problems of a security, environmental, socio-institutional and economic nature are intensifying at the national, international and global levels, the scientific and practical tasks of sustainable development provision are becoming more and more relevant.

Promoting the sustainable development of countries, regions, and the entire human civilization is currently being implemented in various ways and at various levels.

At the entire Humanity level, the United Nations Organization is responsible for promoting sustainable development. One of the sustainable development implementation approaches by the United Nations is the publishing of the global policy programs that cover different global and regional sustainable development issues [2].

At the state level, the tools for promoting sustainable development are:

- scientific and methodological works, which contain conceptual, theoretical, organizational and practical principles of promoting sustainable development at various levels from personal to global;
- legal documents, which include national (or state-wide) programs for sustainable development, laws, resolutions, decrees and orders, which are aimed at increasing indicators of sustainable development and optimizing the values characterized by them;

- organizational and practical systems of interaction and management of subjects that produce, distribute and consume goods;
- scientific-methodical and organizational-practical environment protection systems: management of chemicals, air-, water-, soil- and species protection; waste disposal;
- scientific-methodical and organizational-practical systems of social-institutional development: culture, education, health management, legislation, science.

One of the aforementioned tools draws attention to itself. Tax system. This state regulation system can be called the economic basis for the sustainable development. Our tax system concept definition is: ‘the legally regulated set of (1) taxation of the production and distribution of goods, as well as (2) legislation, (3) objects and (4) subjects of the specified processes, which performs fiscal, distributive, control and other functions in order to promote the sustainable development of society’.

According to the monography [3, p. 7], the process of sustainable development is characterized by its two main components: quality of life and security of life.

The first component is the vector that describes quality of life in three dimensions: environmental, economic and socio-institutional.

Every dimension is being defined by its own components [3, pp. 8–9].

Environmental dimension of the ‘quality of life’ vector depends on Environmental Health (30%) and Sustainability of Ecosystems (70%).

Economic dimension of the ‘quality of life’ vector depends on Global Competitiveness (50%) and Economic Freedom (50%).

Environmental dimension of the ‘quality of life’ vector depends on Human Development (50%) and Quality of Life (50%).

Tax system has the distributive, fiscal and regulatory functions. How do the mentioned functions stimulate the increase of sustainable development (protect the environment, improve the economy and support the society)?

Taxes that are most clearly seen as "guardians" of ecological and social-institutional components of sustainable development are excise ones. Excise taxes on fuel or on environmentally harmful types of economic activity encourage society to refuse (or reduce the volume of) environmentally harmful fuel or such types of activity, which, as a result, harm the environment. Excise taxes on goods that are harmful to health encourage a person, and therefore society, to reduce the amount of consumption of harmful goods. Here the *regulatory* and *distributive* functions are obvious.

Income or profit taxes may be called the ones that are to support equality: the more income the subjects of economic activity have, the more they need to pay. Here the *regulatory* function is obvious.

Value added tax and other ones should be redistributed in favor of the state and local self-government bodies, which, according to their functions

and tasks, are designed to improve both safety and quality of life of people with minimal negative impact on the environment.

Here the *fiscal* and *distributive* functions are obvious.

Summing up, it is worth noting that the tax system can be called not only an important tool, but the economic basis of sustainable development, since the tax system contributes to:

1) reducing the volume of those types of activities that carry risks to sustainable development, and the deployment of those economic and social processes that are factors contributing to the growth of indicators of both individual components of sustainable development and its integral indicator, as well as the improvement of environmental, economic and social phenomena described by the specified indicators;

2) distribution of financial resources in favor of the state, which is called to ensure the growth of ecological, economic and social-institutional components of sustainable development, reducing, in addition, threats to the safety of people's lives;

3) structural and parametric changes in the functioning of society, which lead to a decrease in the level of threats to the safety of life, as well as to a steady growth of all of the quality of life components.

#### **References:**

1. United Nations. Global Issues Available. at: <https://www.un.org/en/global-issues>.
2. Sustainable development goals. Available at: <https://www.un.org/sustainabledevelopment>.
3. Zgurovsky M. (ed.) (2013) Sustainable development analysis: global and regional contexts: моногр. International Council for Science etc; scientific adviser Kyiv : NTUU «KPI», 2014. Part. 1: Global analysis of quality and safety of life. 168 p.