

# Levels of coordination of law enforcement activities in the tax sphere under the legal regime of martial law

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**Abstract.** *The article emphasises that the levels of coordination of law enforcement activities in the tax sphere under the legal regime of martial law reflect the gradation of relatively separate components of the provision of this process, on which the activities of special coordination subjects for a certain level are organised with their own specific tasks and functions assigned to them. Methodology. The scientific research is based on both general and special methods of scientific knowledge. In particular, the method of documentary analysis and formal-legal and analytical methods have been used in the process of analysing the provisions of individual regulatory legal acts, in particular the laws of Ukraine, as well as international documents, as well as the works of domestic scientists, which provide a comprehensive analysis of these provisions. Structural-logical and system-functional methods have been used to analyse the meaning and individual features of the levels of coordination of law enforcement activities in the tax sphere under the legal regime of martial law; to investigate the international, national, regional and local levels of coordination. Results. The article establishes that coordination at the international level allows strengthening the information and analytical potential of Ukraine in documenting violations, promptly exchanging information between jurisdictions, and identifying cross-border tax evasion schemes. The national level of coordination of law enforcement activities in the tax sphere under the legal regime of martial law involves the formation and implementation of state policy in this area, aimed at ensuring national stability in times of crisis. At the national level, it is important to institutionalise coordination tools and mechanisms and create national coordination centres (committees, etc.), which may include representatives of the leadership of law enforcement agencies. At the regional level of coordination of law enforcement activities in the tax sphere under the legal regime of martial law, the specifics of the implementation of local authorities are determined, and the relationships between individual bodies and their structural units are detailed in terms of the general organisation of work, financial support, determination of the organisational structure of bodies and the powers of their structural units. The local level of coordination of law enforcement activities in the tax sphere under the legal regime of martial law allows for the organic consideration of the specifics of a particular community, the criminogenic environment inherent exclusively to it, in the process of tax administration and the detection of relevant violations, and for combining the efforts of tax and other law enforcement bodies with the local community.*

**Key words:** *levels of coordination, law enforcement activities, tax sphere, martial law, international, national, regional, and local levels.*

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## INTRODUCTION

Tax relations, their legal regulation, the establishment of taxes and fees as elements of national tax systems, the definition of legal mechanisms for the payment of taxes and fees, their regulation and the receipt of tax revenues play a decisive role in the development of any modern state. After all, not only is more than two-thirds of the income of the main centralised monetary funds formed at the expense of taxes, from which the key functions of the state are then financed, but also the importance of the state's tax sovereignty, the specificity of the legal content of tax relations and the special role of conscientious fulfilment by taxpayers of their tax obligations determine the paramount mission of tax and legal regulation and form the idea of taxes as an integral feature of the state and the sovereignty of state power, the primary source of which is the people and national sovereignty [1, p. 57].

At the same time, in the regulation of tax relations, a special role is played by the coordination of the activities of the involved regulatory bodies. The levels of coordination of law enforcement activities in the tax sphere under the legal regime of martial law, defined in the provisions of international treaties, legislative acts, general trends in the development of society and the state, state policy and the

strategic vision of its development in the law enforcement and financial spheres, the available personnel, material and technical, information and analytical and other support of the involved law enforcement agencies, available digital capabilities, and the organisational structure of the involved agencies, are aimed at guaranteeing controllability and systematic coordination.

## RESEARCH METHODOLOGY

The scientific research is based on both general and special methods of scientific knowledge. In particular, the method of documentary analysis and formal-legal and analytical methods have been used in the process of analysing the provisions of individual regulatory legal acts, in particular the laws of Ukraine, as well as international documents, as well as the works of domestic scientists, which provide a critical analysis of these provisions. Structural-logical and system-functional methods have been used to analyse the meaning and individual features of the levels of coordination of law enforcement activities in the tax sphere under the legal regime of martial law; to investigate the international, national, regional and local levels of coordination.

Based on the comparative legal method and the

generalisation method, it is noted that in modern conditions all levels of coordination are closely interconnected, broad opportunities for dialogue between national state bodies at the international level are provided, and the participation of national specialists in educational and scientific programmes together with international experts is encouraged. With the help of information systems, the time for information exchange is reduced, which contributes to the integration of each individual level into a single comprehensive system.

The validity and reliability of the study are ensured by using a system of sources: regulatory and legal acts of various legal forces, scientific commentaries, etc. The risks of regulatory ambiguity and unsystematic application are reduced by using categories established in legal science.

The methodological limitations of the study are associated with the informational closure of certain aspects of the activities of individual law enforcement agencies. These factors are compensated by using data from different sources, their verification, comparison with generally accepted approaches in the theory of administrative law, and critical analysis of the information presented in them.

## RESULTS

Levels of coordination in modern conditions should be considered through the prism of the concept of multilevel governance. As V. P. Suvorov notes, "the concept of 'multilevel' in relation to European governance reflects the presence of national, subnational, and supranational levels; states, supranational institutions, and non-governmental organisations are considered as equal political actors" [2 p. 56]. The researcher also draws attention to the fact that "in fact, multilevel governance involves not a simple redistribution of powers between different levels of decision-making, but the adoption of agreed decisions by multilevel non-hierarchical supranational and national institutions, in particular with the involvement of non-state actors, and the mechanism for adopting and implementing relevant decisions includes, in particular, such procedures as consultations, consent, joint decision" [2, p. 56].

It is advisable to consider the international level of coordination first of all, given its leading influence on the entire world community, as well as the accumulation of positive experience in tax regulation of the world's leading states and its dissemination in the activities of international organisations. Thus, according to the State Tax Service of Ukraine, at the international level, "in order to ensure effective combating of tax evasion and its minimisation at the international level, the vast majority of countries have implemented international standards of transparency and exchange of information in the tax sphere. Today, Ukraine is fully involved in the processes of exchange of tax information, which are carried out on the basis of the Convention on Mutual Administrative Assistance in Tax Matters (as amended), ratified by the Verkhovna Rada of Ukraine in 2008, as well as existing international agreements on the avoidance of double taxation and the prevention of tax evasion with respect to taxes. Thus, the exchange of tax information with the competent authorities of foreign countries, which does not stop even

during martial law, is a particularly important and effective tool for protecting the economic interests of our state when working out transfer pricing and international taxation issues. The vast majority of special requests for tax information are addressed to the competent authorities: the Republic of Cyprus - 32%, Switzerland - 18%, Great Britain - 9%, Germany and Luxembourg - 7% each, the Netherlands, Italy and Spain - 5% each, and other countries - 12%. The results of such an exchange of information, namely the materials received upon special requests, have a decisive impact on the further course of control and inspection measures and allow the inspection to cover those issues that have remained outside tax control for a long time but for which information/documents have been received from foreign state authorities indicating violations of tax, currency and other legislation. At the same time, information received from foreign competent authorities is also used in the formation of an evidence base; high-quality documentation of violations helps to form exemplary cases to support the position of the State Tax Service during court appeals, which ultimately ensures the receipt of monetary obligations to the budget" [3].

The UN also has structures specifically authorised to coordinate law enforcement activities in the tax sphere. Such a structure, for example, is the Subcommittee on Tax Issues Related to the Digitalisation of the Economy of the United Nations Committee of Experts. This United Nations committee held a major seminar in September 2020 to develop the capacity of officials from developing countries who will advise their ministers and participate in international negotiations on the taxation of digital economic activities. This potential can also help authorities engage in regional tax cooperation mechanisms to coordinate efforts, as well as consider alternatives in the event that an agreement is not reached [3].

It is no coincidence that T. S. Yarovoi and V. V. Dabizha emphasise that "coordination of foreign policy relations is an important component of state policy and is usually focused on eliminating contradictions between different subjects of power, avoiding duplication of powers and adhering to a single position aimed at realising national interests" [4, p. 109].

No less important is the nationwide level of coordination of law enforcement activities in the tax sphere under the legal regime of martial law. According to the National Institute for Strategic Studies, "one of the principles of building national resilience is the effective interaction of state and non-state actors in various spheres before, during and after the crisis. Based on this, proper organisational and legal support for the coordination of such activities in the state is of fundamental importance. The division of constitutional powers between different branches of government in Ukraine requires the formation of a holistic functional system for ensuring national security and stability, managed from a single centre" [5].

The local level of coordination of law enforcement activities in the tax sphere under the legal regime of martial law should also be analysed separately. Thus, national initiatives often provide a general legal, political, financial and/or monitoring framework, while local efforts are more

focused on improving operational regulation and service delivery. Local coordination efforts need to be supported by regional or national recommendations and commitments to technical support, resources and legal obligations to define roles and responsibilities between sectors to achieve intersectoral responsibility. A national framework, such as legislation or a multi-sectoral national strategy or action plan, can be the basis and have an important impact on stimulating the development of a structure for implementing coordination at the regional and local levels. The national framework can set minimum standards that all partners at the regional and local levels should support. While national or regional/state/provincial policies may require greater coordination, institutional and systemic changes will not be implemented in communities without the implementation and cooperation of local mechanisms and services. Local policies, in turn, contribute to national policies by: strengthening resources and initiatives at the subnational level; improving access to and quality of services; promoting the development of technical skills; expanding the participation of different actors; and promoting a contextually relevant evidence base that can inform and improve national legislation and policies [6]. At the local level, coordination of tax enforcement activities should pay particular attention to the cooperation of tax authorities with territorial communities. Thus, “On April 4, 2023, the Pidberiztsi community signed a Memorandum of Cooperation and Interaction with the Main Department of the State Tax Service of the Lviv Region. The Head of the Pidberiztsi territorial community outlined additional steps to be taken towards improving the process of administering local taxes: participation in a working group at the Lviv Regional Military Administration; creation of a chatbot for checking debts with the ability to pay via online banking; participation in the pilot project of the All-Ukrainian Association of Administrative Service Centres and working with debtors through mobile applications and supplements; creation of an administrative panel for managing tax payments for Administrative Service Centres” [7].

## DISCUSSION

The levels of coordination of law enforcement activities in the tax sphere under the legal regime of martial law reflect the gradation of relatively separate components of the provision of this process, on which the activities of special subjects of coordination, inherent only to a certain level, are organised with their own specific tasks and functions assigned to them. The levels are also characterised by special regulatory and legal support, the territory of coverage (region, state or world), administrative and legal methods and forms, and the limits of permissible regulatory influence, as well as a clearly defined place in the system of implementation of state policy in the tax sphere under the legal regime of martial law.

Coordination at the international level allows strengthening the information and analytical potential of Ukraine in documenting violations, promptly exchanging information between jurisdictions, and identifying cross-border tax evasion schemes. The UN structure has structures specially authorised to coordinate

law enforcement activities in the tax sphere. Such a structure, for example, is the Subcommittee on Tax Issues Related to the Digitalisation of the Economy of the United Nations Committee of Experts. At the international level, along with the UN, the fundamental and consolidating role of the OECD, in particular the OECD Global Forum on Transparency and Exchange of Information for Tax Purposes, is important.

At the national level, it is important to institutionalise coordination tools and mechanisms and create national coordination centres (committees, etc.), which may include representatives of the leadership of law enforcement agencies. Such centres can act as effective platforms for interagency interaction and coordination in the process of addressing issues of responding to national security challenges and implementing law enforcement, customs, and tax policies, where a number of organisational aspects are interconnected and require prompt resolution at the interagency level.

At the regional level of coordination of law enforcement activities in the tax sphere under the legal regime of martial law, the specifics of the implementation of local authorities are determined, and the relationships between individual bodies and their structural units are detailed in terms of the general organisation of work, financial support, accounting, determining the organisational structure of bodies and the powers of their structural units, developing draft orders, approving them in accordance with the established procedure, bringing them to the staff, monitoring and controlling the proper implementation of tasks by structural units, responding to citizens' appeals, etc.

The local level of coordination of law enforcement activities in the tax sphere under the legal regime of martial law allows us to organically take into account the specifics of a particular community and its unique criminogenic environment in the process of tax administration and identifying relevant violations, to combine the efforts of tax and other law enforcement agencies with the local community, public organisations and other civil society institutions on the ground, to sign memorandums of cooperation, to create relevant joint working groups, to conduct educational activities, to provide advisory and other assistance if necessary, etc.

## CONCLUSIONS

Thus, in modern conditions, all levels of coordination are closely interconnected, providing broad opportunities for dialogue between national state bodies at the international level and participation of national specialists in educational and scientific programmes together with international experts. With the help of information systems, the time for information exchange is reduced, which contributes to the integration of each individual level into a single comprehensive system.

Coordination at the international level allows strengthening the information and analytical potential of Ukraine in documenting violations, promptly exchanging information between jurisdictions, and identifying cross-border tax evasion schemes. The nationwide level of

coordination of law enforcement activities in the tax sphere under the legal regime of martial law provides for the formation and implementation of state policy in this area, aimed at ensuring national stability in times of crisis. At the regional level of coordination of law enforcement

activities in the tax sphere under the legal regime of martial law, the specifics of the exercise of power on the ground are determined. At the local level of coordination of law enforcement activities in the tax sphere, special attention is paid to the cooperation of tax authorities with territorial communities.

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