Priority Directions of Improving the State Policy to Counteract the Shadow Economy in Ukraine

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Abstract

The material of the article reveals the purpose of research in the field of formation and introducing mechanisms of implementation of the state policy to counteract the shadow economy in Ukraine. The main result of the research is the discovery of priority directions for the effective development of the modern market economy as the basis of the socio-economic life of the country. The article reveals strategic directions of the state policy on counteraction to the shadow economy and highlights a set of measures for their implementation. In the course of research, the principles of the state policy on counteraction to the shadow economy highlighted, revealed their content and expediency of application. Proposed to create a Shadow Economy Strategy detailing the activities in the Shadow Economy Program. The scientific work systematizes and substantiates the complex of proposals for the development of measures of the state program to counteract shadow economy in respective areas and defines tasks and measures that realize the strategic goal; selected the performers and as a result, the expected results was made. Based on the proposed strategic objectives of the program to counteract shadow economy, the work identified problematic issues of violation of existing legislation in various spheres of the economic environment, substantiated directions of increasing the effectiveness of the mechanism of fiscal administration in the country, labor legislation, proposed directions for improving the development of innovations. The suggested system of analysis of the effectiveness of the mechanism of implementation of the state policy to counteract the shadow economy.

Keywords: corruption, mechanisms of market economy, shadow economy, socio-economic development, state policy, tax system

JEL: D73, O17

Introduction

Counteraction to the shadow economy is a complex process, which includes a set of socio-economic spheres, which, in turn, significantly affects the mechanisms for the implementation of state policy. Therefore, increasing the level of shadow economy impedes the effectiveness of public policy and distorts market mechanisms. That is why, there is an urgent need for the formation and introduction of implementation mechanisms of the state policy to counteract the shadow economy in Ukraine.

The main condition for the modernization of the regulatory policy of the state is the resolution of the main problem that arises in the process of interaction of economic entities with the state. Namely, the validity of the norms of administrative influence. Such problems include: nebulousness (inconsistency of some regulatory normative acts with the requirements of fairness, integrity and morality) and poor quality of the decisions taken (administrative and regulatory measures that duplicate or contradict each other and aim at solving minor problems).
Methodological Base of the Research

The methodological basis of the research is in the analysis of approaches to understanding the nature and structure of the mechanisms of the state policy to counteract the shadow economy was carried out using dialectical and systemic-structural methods. The use of the historical-logical method, induction and deduction made it possible to explore the principles of improving the state policy to counteract shadow economy. Factor and retrospective analysis, the statistical estimation method was used to identify key problems and prospects for the development of mechanisms of state policy to counteract shadow economy. Heuristic methods and methods of logical generalization were used to substantiate strategic directions of improving the mechanisms of state policy to counteract shadow economy in Ukraine. Normative - legal acts regulating the regulatory relations of subjects of mechanisms of the state policy to counteract the shadow economy served as the empirical basis of the study.

Research Questions

The following questions were addressed in the direction of this research:

1. What role does the state policy play in countering of the country’s shadow economy?
2. Systematization of directions for the implementation of the state policy in the direction of solving problems associated with the activation of the shadow economy.
3. What are the strategic directions of the state policy to counteract shadow economy?
4. What are the principles of the state policy to counteract shadow economy are appropriate and effective in the process of implementing of certain measures and mechanisms?
5. How is the state program for counteracting the shadow economy formed, what are its main directions, tasks, implementers and expected results?
6. What are the causes and consequences of the shadow economy in Ukraine in the most significant sectors of economic relations, their nature and mechanisms for the elimination?

Literature Review

The study found that the most modern researchers (Diachenko A., 2018; Kopylenko O., Baimuratov M. & Gryshoval (2018); Zghadova, N. & Marchuk, L., 2018) adhere to the provisions that the domestic shadow economy is conditioned by socio-economic and regulatory factors. Therefore, we propose to consider the state policy to counteract shadow economy in the following aspects: ensuring the formation of effective mechanisms of market economy, which neutralize destabilizing and destructive processes; implementation of normative legal regulation in order to counteract the offense in the field of socio-economic relations (financial, tax, customs law, etc.); conducting administrative regulation of socio-economic processes in the country as a means of limiting systemic shadow phenomena and processes.

Results

In order to ensure the realization of the priority tasks in the direction of effective development of the modern market economy, it is necessary to take into account a set of priority directions, which should be attributed to: neutralization of possible problems in making payments; elimination of additional conditions that serve as appropriate privileges for the functioning of individual commercial structures; regulatory and legal support of issues concerning rationality and objectivity of crediting of economic entities, legality of conducting business agreements, implementation of legal mechanisms that
would eliminate the problems of “raiding”; formation and introduction of state mechanisms for managing the processes of ensuring timely declaration of expenditures by any categories of public service persons, etc.

Thus, the results of studying the views of scientists on the trajectory of the effective functioning of mechanisms of market economy made it possible to systematize the directions of the implementation of state policy in the direction of solving problems associated with the activation of the shadow economy (using the methods of administrative regulation): resolving contradictions of the existing regulatory framework regarding the compliance of its provisions with the modern anti-corruption legislation of Ukraine and the areas of influence at the level of shadow economy; modernization of the banking system as the basis of the financial market and the functioning of business entities; maintaining transparency in the functioning of public authorities at all levels; maintaining an appropriate level of a competitive environment and the fight against monopolization of economy; optimization of methods of state regulatory policy in the direction of functioning of business entities; establishment of a controlling state mechanism for the activities of economic entities regarding bankruptcy liability and procedure; providing necessary conditions for motivation in carrying out legal employment of the population (Diachenko A., 2017; Gryshova I. & Diachenko A. 2016).

The main strategic directions of state policy to counteract the shadow economy are: intensification of innovation and investment processes by supporting and ensuring reliability to creditors; optimization of the taxation system. Namely, tax exemption of the part of the profit which is directed to innovative activity; improvement of the monetary; establishment of mechanisms to support domestic business activity; adjustment of the tax system; conducting measures to improve the mechanisms for combating corruption.

Scientists include the following mechanisms to counteract shadow economy for highlighting the implementation of the state policy:

- the financial control mechanism (focused on neutralizing illegal activities by developing effective tools to prevent the implementation of shadow processes for the redistribution of financial resources in a specific direction);
- pricing mechanism (provides for the use of minimum prices for highly liquid imported products for calculations and taxes);
- institutional mechanism (operates with the aim of forming an institute of representatives of tax and customs services in the world with the goal of making it possible to exchange information regarding taxation of foreign economic activity of domestic business entities);
- controlling mechanism (provides for monitoring of prices formed within holding companies and the possibility of making changes in the organizational structure of state-owned holding companies).

Based on the above, it can be stated that an effective state policy plays a significant role in the socio-economic development of the country (the national economy) to counteract shadow economy. At the same time, special attention should be paid to the identification of crisis manifestation factors and their reflection on the shadow and legal sectors of the economy. That is why, the set of measures to implement the state policy to counteract shadow economy can be conditionally systematized into two groups: 1) measures aimed at improving the organizational and functional support to counteract shadow economy; 2) measures in the direction of improving the institutional support of the mechanism for implementing the state policy to counteract the shadow economy and improve the socio-economic situation as a whole.

Given that the process of counteracting the shadow economy is a rather complex set of regulatory measures in different sectors of economy, and the main actors of the mechanism for implementing the policy of counteracting the shadow economy are public authorities, it is important to determine the principles of state policy to counteract the shadow economy, according to which it is expedient to carry out measures and mechanisms of their implementation. We propose the following principles:

1) Legality - measures of the mechanism of implementation of state policy to counteract the shadow economy should be carried out in accordance with the current regulatory framework;
2) Balance of the socio-economic interests of the individual, society and the state - before developing measures of state policy to counteract the shadow economy, it is advisable to take into account the interests of all entities of the mechanism;

3) Equality and mutual consistency in the responsibility of individuals, society and the state provided that measures of the state policy to counteract the shadow economy must be implemented in the context of compliance with the obligations of citizens to the rules of the current legislation. Therefore, state bodies of all branches of the government (mediated by regulations) implementing public policy measures should be held accountable to the public for the results of implementing such policies;

4) Compromise in conflict resolution (priority of contractual means) - measures of the mechanism of implementation of the state policy to counteract the shadow economy should be combined with both incentive and coercive means for the functioning and development of economic entities in the legal economy wherein the priority means are encouraging;

5) adaptability of international norms - integration into the international system to counteract the shadow economy (ensuring effective international cooperation of Ukraine towards counteracting the factors of increasing the level of the shadow economy);

6) consistency and consistency - government policy measures to counteract the shadow economy should be properly justified and based on real indicators of the country's socio-economic development;

7) strategic and systematic - measures of the state policy to counteract the shadow economy should be guided by the elimination (neutralization) of possible sources and factors of increasing the level of the shadow economy;

8) timeliness and adequacy - it is advisable to use measures of the state policy to counteract the shadow economy in specific situations and clear time parameters;

9) co-ordination - implementation of measures of state policy to counteract shadow economy which are respectively within the competence of different state authorities should be subject to a rational division of functions between the respective performers in order to eliminate their duplication;

10) informative - collecting, storing and transferring information on the state of socio-economic development of the country as a result of the implementation of measures of the state policy to counteract the shadow economy;

11) flexibility - planning, controlling and adjusting public policy measures to counteract the shadow economy should be made taking into account the changes caused by both exogenous and endogenous factors in society.

Today, questions of the formation of specific measures to improve the mechanisms for implementing the state policy to counteract shadow economy and their organizational and functional support get special relevance. In our opinion, the basis for the formation of the structure and features of such improvement should be the Strategy to Counteract the Shadow Economy, according to which it is necessary to develop an appropriate program to counteract shadow economy. After all, it is necessary to make sure that the stages of development and implementation of such a program should be correlated with the provisions of the Shadow Economy Strategy and reforms of the Sustainable Development Strategy “Ukraine 2020”, in particular in the direction of entrepreneurship development, especially, in the development and support of small and medium-sized businesses; maintaining healthy competition at the market; effective tax reform; modernization of the financial sector, labor markets and capital, etc.

Therefore, we consider it expedient to systematize and substantiate a set of proposals for the development of measures of the state program to counteract the shadow economy in the following main areas: 1. Reforming the tax system; 2. Developing an effective employment system; 3. Activating innovation and investment development; 4. Improvement of monetary policy; 5. Deepening and enhancing the effectiveness of the anti-corruption policy mechanism. The information is shown in Table 1.
Table 1. Activities of the State Program for Countering the Shadow Economy

<table>
<thead>
<tr>
<th>№ n/p</th>
<th>The tasks and activities that implement the strategic goal</th>
<th>Expected results</th>
<th>Performers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1</td>
<td>Improving the procedure of registration of business activity using the principle of a “single window”</td>
<td>Activation of business activity</td>
<td>Ministry of Economic Development and Trade of Ukraine; State Fiscal Service of Ukraine</td>
</tr>
<tr>
<td>1.2</td>
<td>Inventory of valid permits in order to cancel those that impede business</td>
<td>Increasing the level of competitiveness of Ukraine</td>
<td></td>
</tr>
<tr>
<td>1.3</td>
<td>Rational distribution of the tax burden</td>
<td>Improvement of the tax system and eliminate the confrontation between taxpayers and fiscal authorities</td>
<td></td>
</tr>
<tr>
<td>1.4</td>
<td>Formation and implementation of a transparent complex of tax incentives</td>
<td>Intensification of production activity and saturation of the internal market with goods and services</td>
<td></td>
</tr>
<tr>
<td>1.5</td>
<td>Optimization of tax administration by abolishing special taxes and introducing equal to all the rules and procedures of taxation – clarify this</td>
<td>Reducing the time for tax administration</td>
<td></td>
</tr>
<tr>
<td>1.6</td>
<td>Economic justification of the balance between the regulatory and fiscal functions of taxes through horizontal budgetary equalization and increased control over the use of budgetary funds</td>
<td>Development of social infrastructure and raising the standard of living of the population</td>
<td></td>
</tr>
<tr>
<td>1.7</td>
<td>Increasing liability for non-payment of taxes through administrative penalties in the form of fines</td>
<td>Tax revenues to the budget</td>
<td></td>
</tr>
<tr>
<td>2.1</td>
<td>Reduction of the tax burden on the payroll fund in order to legalize wages</td>
<td>Increasing budget revenues and tightening control over employment legalization</td>
<td></td>
</tr>
<tr>
<td>2.2</td>
<td>Improving the institution of social and pension insurance by reducing the size of the single social contribution, changing the proportionality of the payment of the single social contribution by employers and employees and providing citizens with the opportunity to choose the retirement age</td>
<td>Carrying out the pension reform and introducing compulsory health insurance</td>
<td></td>
</tr>
<tr>
<td>2.3</td>
<td>Establishment of indicative wage rates</td>
<td>Formation of adequate wages and increasing the share of wages in the structure of production costs</td>
<td>State Employment Service of Ukraine; Pension Fund of Ukraine</td>
</tr>
<tr>
<td>2.4</td>
<td>Strengthening the responsibility of employers for violating labor laws by administrative penalties such as fines</td>
<td>Additional budgetary receipts</td>
<td></td>
</tr>
<tr>
<td>2.5</td>
<td>Measures to improve the qualification of the subjects of initial financial monitoring</td>
<td>Learning experience leading to legalize income</td>
<td>State Employment Service of Ukraine; Pension Fund of Ukraine</td>
</tr>
</tbody>
</table>
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<tr>
<td>3.1</td>
<td>State support for investment projects by offsetting part of the interest rate on loans raised to finance innovative projects in the real economy and exempting from taxation part of the profits of enterprises spent on innovation activities</td>
<td>Production of innovative products and formation of transparent mechanism of efficient use of budgetary funds</td>
<td>Ministry of Economic Development and Trade of Ukraine; The Antitrust Committee; State Export Control Service of Ukraine</td>
</tr>
<tr>
<td>3.2</td>
<td>Improving the conditions for international investment exchange by ensuring the openness of the national economy</td>
<td>Increasing investment resources for the economy and enhancing international image</td>
<td>Ministry of Economic Development and Trade of Ukraine; The Antitrust Committee; State Export Control Service of Ukraine</td>
</tr>
<tr>
<td>4.1</td>
<td>Improving the transparency and efficiency of the NBU and the Fund for guaranteeing deposits of individuals in matters of refinancing, nationalization, disposal of assets of insolvent banks</td>
<td>Formation of incentives for the accountability of banking institutions and strengthening confidence in the banking system</td>
<td>Ministry of Economic Development and Trade of Ukraine; National Bank of Ukraine; State Customs Service of Ukraine; State Audit Service of Ukraine</td>
</tr>
<tr>
<td>4.2</td>
<td>Encouragement of expansion of non-cash payments</td>
<td>Control of sources and ways of transfer of funds</td>
<td>Ministry of Economic Development and Trade of Ukraine; National Bank of Ukraine; State Customs Service of Ukraine; State Audit Service of Ukraine</td>
</tr>
<tr>
<td>4.3</td>
<td>Amending the legislation on disclosure of information on the ultimate owners of financial institutions</td>
<td>Formation of a transparent financial services market in terms of the reliability of consumer information</td>
<td>Ministry of Economic Development and Trade of Ukraine; National Bank of Ukraine; State Customs Service of Ukraine; State Audit Service of Ukraine</td>
</tr>
<tr>
<td>4.4</td>
<td>Formation of an effective system to prevent and counteract the legalization of proceeds from crime</td>
<td>Increase in budget revenues</td>
<td>Ministry of Economic Development and Trade of Ukraine; National Bank of Ukraine; State Customs Service of Ukraine; State Audit Service of Ukraine</td>
</tr>
<tr>
<td>5.1</td>
<td>Formation of the most transparent system of functioning of state bodies at all levels by optimizing the structure of civil servants</td>
<td>Increasing the capacity of state bodies</td>
<td>State Customs Service of Ukraine; State Property Fund of Ukraine; State Financial Monitoring Service of Ukraine; National Anti-Corruption Bureau of Ukraine; The National Anti-Corruption Agency; Special anti-corruption prosecutor’s office</td>
</tr>
<tr>
<td>5.2</td>
<td>Implementation of the e-government model</td>
<td>Increasing transparency of government decisions and reducing the likelihood of corruption</td>
<td>State Customs Service of Ukraine; State Property Fund of Ukraine; State Financial Monitoring Service of Ukraine; National Anti-Corruption Bureau of Ukraine; The National Anti-Corruption Agency; Special anti-corruption prosecutor’s office</td>
</tr>
<tr>
<td>5.3</td>
<td>Conducting public lawsuits against corrupt officials</td>
<td>Reducing the motivation of civil servants to violate the law</td>
<td>State Customs Service of Ukraine; State Property Fund of Ukraine; State Financial Monitoring Service of Ukraine; National Anti-Corruption Bureau of Ukraine; The National Anti-Corruption Agency; Special anti-corruption prosecutor’s office</td>
</tr>
<tr>
<td>5.4</td>
<td>Implementation of transparent tendering procedures for public procurement</td>
<td>Optimization of costs for the purchase of goods and services</td>
<td>State Customs Service of Ukraine; State Property Fund of Ukraine; State Financial Monitoring Service of Ukraine; National Anti-Corruption Bureau of Ukraine; The National Anti-Corruption Agency; Special anti-corruption prosecutor’s office</td>
</tr>
<tr>
<td>5.5</td>
<td>Reforming the judiciary by enhancing the professionalism of the judiciary and independence from political processes</td>
<td>Strengthening the system of preventing corruption in state bodies</td>
<td>State Customs Service of Ukraine; State Property Fund of Ukraine; State Financial Monitoring Service of Ukraine; National Anti-Corruption Bureau of Ukraine; The National Anti-Corruption Agency; Special anti-corruption prosecutor’s office</td>
</tr>
<tr>
<td>5.6</td>
<td>Raising the legal culture of citizens by strengthening the cooperation of state bodies with civil society Institutions of Anti-Corruption</td>
<td>Strengthening the protection of citizens’ rights</td>
<td>State Customs Service of Ukraine; State Property Fund of Ukraine; State Financial Monitoring Service of Ukraine; National Anti-Corruption Bureau of Ukraine; The National Anti-Corruption Agency; Special anti-corruption prosecutor’s office</td>
</tr>
<tr>
<td>5.7</td>
<td>Improvement of the Unified state information system in the field of prevention and counteraction to legalization (laundering) of proceeds from crime</td>
<td>Compliance with international standards, elimination of contradictions in regulatory support and determination of interaction</td>
<td>State Customs Service of Ukraine; State Property Fund of Ukraine; State Financial Monitoring Service of Ukraine; National Anti-Corruption Bureau of Ukraine; The National Anti-Corruption Agency; Special anti-corruption prosecutor’s office</td>
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</tbody>
</table>
Research revealed that an important reason for the growth of the shadow economy in Ukraine is the imperfection of the existing tax system of the state, which leads to such negative consequences as: ineffective functioning of the mechanism for administering taxes and fees in Ukraine; overstatement of the tax burden, which prompts business entities to conduct tax crimes by hiding the actual objects of taxation, falsifying the accounting of production and economic activities, hiding the actual financial transactions with fictitious ones, etc. ignoring tax payments, namely, covering with offshore zones; non-compliance with the appropriate balance between tax payments and the volume of goods or services provided, is received by citizens; inefficiency of the existing mechanism of liability for tax evasion; deterioration of tax culture among taxpayers.

Based on the proposed strategic objectives of the program to counteract the shadow economy, we have substantiated the directions of increasing the effectiveness of the mechanism of fiscal administration:

1) improvement of the legal and regulatory framework for registration and re-registration of economic entities in the context of ensuring appropriate financial verification;
2) modernization of risk assessment mechanisms, namely, during accounting policies, reorganization of economic entities, etc.
3) intensifying the procedure of holding amnesty (based on the principles of transparency and clarity), with the aim of adjusting the relations between the state and the business sector in the direction of increasing budget revenues;
4) developing electronic systems of accounting and administration of tax payments in order to minimize the cooperation of tax authorities with taxpayers, which will facilitate transparency of tax control;
5) amending the tax system to reduce tax pressure (reduce the number of mandatory payments and tax benefits) in order to ensure a level playing field for all taxpayers and neutralize the incentives to reduce the incidence of tax liabilities;
6) improving the system of taxation of small businesses by reforming the simplified system in order to prevent the use of this instrument for the purpose of concealing financial transactions;
7) establishing the mechanism for VAT refunds to comprehensively support exports and increase the confidence of economic entities in government bodies;
8) reforming the mechanism of responsibility for violation of the legislation on conducting of shadow financial transactions and deliberate concealment of tax liabilities.

Particular attention should be paid to the identification of various tax evasion schemes and the establishment of mechanisms for timely exchange of information between economic entities and executive authorities.

It was found that an important factor in the development of the shadow economy in Ukraine is an increase in the level of hidden employment, which contributes to the emergence of social inequality in the country. It is precisely the development of informal employment and the concealment of real wages in Ukraine that creates the risks of stabilizing the state budget and conducting an effective modernization of the pension insurance mechanism. In order to neutralize and minimize the destructive impact of this factor on the socio-economic development in Ukraine, it is advisable to introduce a set of measures to which we propose to include:

- amending legislation regarding liability for tax evasion and insurance premiums and improving mechanisms for their administration (increasing penalties for hiding labor relations between an employee and an employer, developing a mechanism for the liability of officials of an employer for not filling out appropriate labor relations with an employee; increasing the authority of the Labor Inspectorate to carry out checks on compliance with labor legislation);
- controlling pension insurance contribution with the aim of increasing the retirement age, which will avoid
the absence of penalties for non-compliance with the applicable rules of law;

- making amendments to the legislation in the field of remuneration with the aim of reducing the differentiation of income and ensuring social justice (for example, by imposing taxes on luxury, taxation with simultaneous control of income and expenses, etc.);
- reforming the state policy towards ensuring state guarantees on wages;
- establishing proportionality and correlation between the amount of pension fund income and the amount of pension;
- introducing changes to the system of preferential taxation of business entities that officially pay wages and do not exempt workers, which will help increase the wage fund in GDP;
- using the progressive system of penalties for non-compliance with legal standards and raising the level of tax culture among taxpayers.

Particular attention should be paid to the development of innovation and investment processes in the program to counteract shadow economy. After all, raising the level of the shadow economy in the country reduces the confidence of international investors. In today’s context, Ukraine has a practical lack of an innovative - investment alternative to shadow capital in connection with the interstate integration of shadow economic activity. In our opinion, in order to stimulate innovation and investment processes in Ukraine, it is advisable to:

- provide comprehensive support to the real sector of the economy aimed at innovative development and priority sectors of production;
- intensify the mechanism of using tax incentives for economic entities investing in innovation activities (priority is given to benefits from innovation activities);
- reduce the level of taxation of individuals by the amount spent on the development of human capital (training, education, etc.), which will reduce the financial base of the shadow sector;
- simplify permitting procedures for registration and conducting of business activities (special attention is paid to innovative enterprises), etc.

Among the systemic consequences of the development of the shadow economy is the ineffectiveness of the state’s monetary policy instruments in connection with the increase in the hryvnia and foreign currency that are not controlled by the banking system, which activates the imbalance in the mechanism of financial and credit regulation. The spread of shadowing processes in the Ukrainian economy negatively affects the level of competitiveness, socio-economic efficiency and financial stability of the domestic financial system. Among the key measures to solve the problems associated with the development of the shadow economy in the financial and credit system is expanding the possibilities of using non-cash payments which is one of the ways to reduce the shadow turnover in the financial sector. To ensure the effectiveness of the non-cash payments in Ukraine, it is advisable to implement a set of the following activities:

- formation and implementation of information mechanisms regarding the interaction of tax authorities with controlling bodies in the direction of detection of illegal legal financial transactions;
- obligations of second-tier banking institutions in cases of illegal cashless payments to return the appropriate amount of funds;
- organization of institutions that provide access to communication channels, equipped places for uninterrupted cashless payments;
- organization of a mechanism for the responsibility of second-tier banks for illegally conducted cash operations;
- establishment of a personal identification system using payment cards;
- updating and disseminating information about the possibilities of using the system of cashless payments and
the use of payment cards through Internet resources;
- ensuring the implementation of legislation to identify the necessary information about the owners of financial institutions (banking and non-banking);
- establishing effective work and transparency of the National Bank of Ukraine in the direction of reforming the banking system and ensuring flexible foreign exchange regulation;
- preventing the transfer of domestic capital to foreign countries in which a low level of taxation;
- forming an effective mechanism for the return from abroad of assets obtained by criminal means as a result of operations with the legalization of funds and the financing of terrorism;
- establishing and activating the mechanism for regulating financial services markets, the stock market of financial circulation.

It should be noted that the level of the shadow economy is significantly affected by corruption with all its possible manifestations. That is, corruption is one of the most significant obstacles to reforming socio-economic processes in Ukraine.

The proposed measures in the above strategic directions are aimed at increasing the efficiency of the mechanism of implementation of the state policy to counteract shadow economy in Ukraine. However, it should be noted that the issue of evaluating such efficiency is particularly relevant. We propose to analyze the effectiveness of the mechanism of implementation of the state policy to counteract shadow economy using the system of key performance indicators (English Key Performance Indicators - KPI). This system is a set of quantitative indicators that are focused on achieving the strategic goals that have to be substantiated and approved by public authorities, which are responsible for counteracting the shadow economy. In our opinion, this system should include a set of meaningful and organizational-functional indicators. The use of a system of key performance indicators will allow for the development of an effective mechanism for the implementation of the process of counteraction to the shadow economy, which will be focused on achieving a clear result.

The main goals of the system of key performance indicators in the context of the implementation of the state policy to counteract shadow economy are: systematic stimulation of the activities of the authorities to improve their quality and efficiency in the process of counteracting the development of the shadow economy; identification of the functional aspects of activities of authorities with the strategic objectives of the program to counteract the shadow economy; ensuring functioning of a transparent mechanism for implementing the state policy to counteract the shadow economy at different levels; ensuring the interconnection of public authorities pursuing a policy of counteracting the shadow economy with society. Therefore, the use of such a system of performance evaluation in the practice of implementing the state policy to counteract the shadow economy will contribute to the achievement of strategic goals, increase the effectiveness of socio-economic processes in the country and assess compliance with the functional responsibilities of the authorities.

Conclusion

In the course of research, priority directions of formation and functioning of mechanisms of the state policy of counteraction to the shadow economy in modern conditions are considered. As a result of the conducted research, it is proposed to consider the mechanisms of the state policy of counteraction to the shadow economy as a complex system of public administration, the components of which are specific management mechanisms. Taking into account basic requirements of modernity regarding the socio-economic development of Ukraine, a strategy to counteract shadow economy has been developed. The set of proposals for the development of measures of the state program to counteract the shadow economy is systematized and substantiated. The system of effective means and
mechanisms for counteracting the shadow economy in Ukraine is proposed, namely, the need for the formation of an integrated mechanism for counteracting the shadow economy, which is a complex system of interacting and interrelated means, methods, tools, and measures, through which appropriate conditions are created for observing the legitimacy and transparency of socio-economic relationship.

References