TAX AUDIT AND PREPARATION FOR THE TAX AUDIT: MAINTAINING THE FINANCIAL STABILITY OF THE ORGANIZATION

Abstract. The study highlights the strategies and methods needed to effectively pass tax audits and ensure the sustainability of a company’s finances in the face of constant changes in tax legislation. The paper examines the concept of tax audit and the importance of readiness for tax audit to ensure financial stability. Particular attention is paid to strategies for preparing for tax audits, including improving internal control systems and auditing tax obligations. The optimization of taxation is studied as a key aspect of ensuring financial sustainability. The work includes the analysis of effective strategies for reducing tax costs and minimizing the risks of tax audits. This work is of practical importance for organizations seeking to avoid financial difficulties related to tax aspects. The recommendations provided in the study can serve as a guide for management and finance professionals when planning and implementing tax management strategies. This work is important for organizations of all sizes and industries, as tax is a key element of financial management and the right preparation can make a significant difference to their financial sustainability.

Keywords: violence, domestic violence, woman, family, marriage and family relations, criminal responsibility, gender equality.

Introduction

Tax audit and tax audit preparation: preserving the financial stability of the organization is an important component of successful financial management and reflects the need for a deep understanding of tax legislation and its responsible implementation.

In today’s conditions of economic instability and strict financial control, the ability of an organization to effectively manage its finances and meet tax requirements is important. A tax audit and competent preparation for a tax audit allow you to avoid misunderstandings with the tax authorities and ensure the financial stability of the company.

The purpose of the work is to consider the aspects of tax audit and preparation for tax audit as an effective tool to ensure the financial stability of the organization. We consider the strategies and methods of conducting a tax audit, identify the key stages of preparation for a tax audit, and also consider the most common mistakes that businesses can make in
this process.

The work is aimed at providing specific recommendations and tools to ensure the financial stability of your organization in the conditions of constant changes in tax legislation and the economic environment.

**MATERIALS AND METHODS**

The analysis of sources reflects a wide range of scientific works, practical materials and experience in this field. The research focus of this topic is focused on the development of strategies for optimizing tax obligations, improving audit systems and preparing for tax audits to ensure the stability of corporate finances.

In support of the topic, researchers study the main aspects of a tax audit, describing its stages and features. Works such as „Preparation for a tax audit: strategies and methods” (Ivanov, 2015) deeply analyze the importance of internal control and accounting systems for effective preparation for tax audits.

Optimization of taxation is a key area of research. The works „Strategies for reducing the tax burden in the conditions of globalization” (Petrenko, 2018) and „Tax management as a tool for preserving financial stability” (Sydorenko, 2016) consider specific methods and tools of tax optimization.

Research also focuses on minimizing the risks of tax audits. The works „Mechanisms for resolving tax disputes: world experience” (Melyk, 2017) and „Actual issues of legal regulation of tax aspects” (Lysenko, 2019) consider in detail the legal and legal aspects of tax management to reduce the risks of tax audits.

These studies show that a properly organized tax audit and preparation for tax audits can significantly affect the financial stability of the enterprise. Given the existing body of knowledge, further research should be directed at the development of innovative strategies to meet the requirements of the modern business environment and changes in tax legislation.

The object of the study is the activity of the enterprise in the context of its interaction with the tax environment. The main point of focus is the processes related to tax audits and preparation for tax audits. The object is not only the organization itself, but also all aspects of its financial activities, which are subject to assessment and analysis within the framework of tax requirements.

Detailed description of the research object:

1. **Financial stability of the organization:**
   - Assessment of the financial health of the enterprise.
   - Analysis of financial indicators, such as liquidity, profitability, solvency.
   - Determination of the level of provision of resources and capital.
2. **Tax audit:**
   - Retrospective analysis of financial statements to identify tax risks.
   - Study of tax obligations and their compliance with legislation.
   - Assessment of the effectiveness of internal tax management processes.
3. **Preparation for tax audits:**
   - Analysis of internal control and its ability to avoid tax violations.
   - Study of correctness and timeliness of tax accounting.
• Development of strategies for preliminary preparation for possible inspections.
4. Tax optimization strategies:
• Determination of opportunities to reduce the tax burden.
• Analysis of different tax regimes and their relevance to a specific field of activity.
• Development of innovative approaches to optimization of tax expenses.
5. Minimization of risks and resolution of tax disputes:
• Development of strategies to avoid tax conflicts.
• Studying the possibilities of settling tax disputes with tax authorities.
• Analysis of court practices and decisions in the field of tax law.

The object of the study takes into account all aspects that determine the financial stability of the organization in the context of its tax relations. Analysis of these aspects allows for the development of effective tax management strategies aimed at ensuring the stability and success of the enterprise in the conditions of tax challenges and changes.

The subject of topic research is:
1. Tax audit:
   - Conducting an audit:
      Studying the methods and techniques used in the audit process to assess tax accounting. Analysis of the effectiveness of measures that ensure the accuracy and compliance of accounting with tax legislation.
   - Risk assessment and control procedures:
      Study of factors affecting the company’s tax risks and analysis of internal control measures. Evaluation of the effectiveness of control procedures for the prevention of errors and fraud.
   - Analysis of tax obligations and correctness of calculations:
      Study of the company’s compliance with tax legislation and correctness of tax liability calculations. Audit of tax returns and other reports.
2. Preparation for tax audits:
   - Analysis of internal processes and control mechanisms:
      Research on the effectiveness of internal processes and control mechanisms aimed at preventing tax violations. Identification of weak points and suggestions for their improvement.
   - Correctness and timeliness of tax accounting:
      Assessment of accounting systems and determination of their compliance with tax legislation. Analysis of tax accounting procedures from the point of view of their timeliness and accuracy.
   - Pre-training strategies:
      Development of strategies for preliminary preparation for possible tax audits. Determination of optimal approaches to maintaining correct tax accounting and documentation.

Preparation for a tax audit involves an active and proactive approach to interaction with tax authorities. This includes a thorough study of tax legislation, preparation of appropriate documents and ensuring compliance with all tax obligations. With the help of this process, the organization can avoid unpleasant situations, tax penalties and provide itself with a stable financial base for further development (Voinarenko., 2009)
Such an approach not only contributes to maintaining the financial stability of the organization, but also helps to reach a new level of effective financial management, ensuring the necessary transparency, compliance with legislation and the trust of society and investors.

In conclusion, it can be emphasized that tax audits play an important role in ensuring justice and equality before the law in the field of taxation. Their implementation helps to avoid tax evasion and provides an appropriate fiscal base for the functioning of government programs and services. However, it is also important to ensure a fair and transparent process of tax audits to avoid possible misunderstandings and promote trust between taxpayers and fiscal authorities (Zavytiy, 2016).

Thus, systematic and objective tax audits are a necessary element of an effective tax system aimed at ensuring a stable financial base and compliance with the principles of fiscal discipline.

3. Preservation of financial stability of the organization:
   - Optimization of taxation:
     Studying opportunities to reduce the tax burden and optimize tax costs. Development of strategies for the use of tax benefits and incentives.
   - Risk management:
     Analysis of risks related to tax activities and development of strategies for their management. Ensuring readiness for possible negative consequences.
   - Resolution of tax disputes:
     Development of strategies for resolving tax conflicts and avoiding undesirable consequences for the financial stability of the enterprise.

Maintaining financial stability is a critically important aspect for individuals, businesses and economic systems as a whole. This concept is determined by a set of measures and strategies aimed at ensuring the stability of the financial state and the ability to withstand the influence of external economic and financial factors.

In conclusion, it can be noted that maintaining financial stability requires a balanced approach to risk management, effective financial planning and control, as well as responsible use of financial resources. Sustainable finances allow you to adapt to changes in the economic environment, maintain liquidity and the ability to fulfill your financial obligations.
Maintaining financial stability is key to sustainable development and long-term success. This is due to the fact that financially stable entities can effectively manage the challenges of market competition, economic crises, and also provide favorable conditions for investment and development. In this context, maintaining financial stability is a strategic tool to ensure resilience and sustainability in the economic environment (Melikhova, 2010).

Research methods:
1. Analysis of the literature and regulatory framework:
   Using the method of scientific analysis of literary sources to study the theoretical foundations of tax audit and preparation for tax audits. Analysis of legislation and tax codes to gain knowledge of rules and procedures.
2. Empirical studies:
   Conducting an analysis of the practical implementation of tax audits and studying cases of enterprises that successfully escaped tax audits. A retrospective review of the experience of real companies in the field of preparation for tax audits.
3. Economic modeling:
   The use of economic models to predict possible options for the impact of a tax audit on financial stability. Modeling of various tax optimization strategies based on the company’s financial data.
4. Expert assessments:
   Engaging tax audit, accounting and finance professionals for expert opinion and advice on optimal approaches to preparing for tax audits.
5. Case stages:
Study of specific cases of enterprises that faced tax audits and inspections to identify the most effective strategies and difficulties in the process.

6. Surveys and questionnaires:
Conducting surveys among specialists and representatives of enterprises to collect practical data on the experience of interaction with tax audits and preparation for tax audits. The use of these methods will allow to reveal more deeply the peculiarities of the tax audit.

RESULTS AND DISCUSSION

One of the key categories of information that affects economic processes is data on taxes and fees. This information is formed on the basis of accounting data, taking into account the requirements of tax legislation.

In the context of economic development, business entities are interested in establishing an effective taxation strategy and optimal organization of accounting. Unlike financial accounting reporting, the reliability of which is often confirmed by an audit report, the reliability of tax reporting is difficult to guarantee. In the process of preparing tax documents, the business entity is not obliged to contact auditors to analyze the correctness of the calculation and payment of taxes.

Observing the trends in the development of economic relations, it is noticeable that business entities show a significant interest in obtaining objective information about tax reporting, its reliability, possible tax risks and ways to eliminate them.

Recently, there have been changes in the approach to control and verification measures by tax authorities. There is a trend according to which tax audits are carried out on the basis of the analysis of financial and economic activity, taking into account the identified risks. Also, taxpayers whose business is already suspect in the eyes of tax authorities may come under objective control, in particular, regarding the circulation of excise goods.

It is important to note that when planning tax audits, fiscal authorities use publicly available risk criteria. A payer who meets these criteria has a significant chance of being included in the schedule of routine inspections. These criteria are regulated by the Procedure for Forming a Plan-Schedule for Conducting Scheduled Documentary Inspections of Taxpayers, approved by the Ministry of Finance of Ukraine on June 2, 2015 No. 524 (as amended from September 7, 2020 No. 548) (hereinafter referred to as the Procedure) (Tax Code of Ukraine, 2010).

When receiving information about the inclusion of a taxpayer in the plan-schedule of tax audits, this taxpayer can contact the tax authority to obtain information about the reasons for his inclusion, which will allow him to independently analyze specific risk criteria, identify possible errors and correct them before the audit begins.

The recommendation is that taxpayers should actively monitor compliance with the risk criteria defined in the Procedure, and when including scheduled inspections in the schedule, ask for the reasons for this inclusion. This will allow them to analyze identified tax risks and, if possible, reduce them.

The motto „Si vis pacem, para bellum” (You want peace, prepare for war) emphasizes that the taxpayer’s readiness for tax audits, especially unexpected ones, depends on the
manager’s understanding of the tax risks arising in the course of financial and economic activities, as well as on the readiness staff to promptly and correctly respond to the visit of tax officials.

Unfortunately, business practice in Ukraine confirms that legal tax evasion and optimization of taxation for taxpayers often remain at the level of theoretical concepts. At the same time, the level of the „shadow” economy with signs of tax evasion remains significantly high. So, in Ukraine, tax risks are non-taxable for a business that does not function at all.

The need to engage auditors to prepare for a tax audit may require additional time and financial costs. The decision to engage an auditor or fully delegate the preparation for a tax audit to an accountant is at the discretion of the manager or owner of the company. However, we believe that in order to prepare for a tax audit, the head of the taxpayer should at least be able to quickly assess the state of accounting and tax accounting and find out possible „claims” of tax officials (Derevyanko, 2016).

In this context, the head of the taxpayer is recommended to:

1. Regularly ask the accountant for information about his perception of tax risks during the implementation of financial and economic activities.
2. Conduct a pre-audit tax audit, which can serve as a kind of „rehearsal” for a tax audit. During this audit, it is possible to determine what „complaints” may arise from taxpayers, identify weak points and consider possible options for their elimination.

The general recommendation is that to prepare for a tax audit, taxpayers should build an effective exchange of information with an accountant, paying attention to his perception of taxation problems and conduct an express analysis of tax risks. This will allow identifying possible deficiencies and, if possible, correcting them before the tax audit begins.

„Audi, multa, loquere pauca” (Listen a lot, talk a little)

A taxpayer’s readiness for a tax audit is determined, first of all, by his manager and staff, who perceive this process as not something stressful. Perhaps it may seem unusual, but passing a tax audit for a taxpayer can become a kind of „business process” with a clear algorithm of actions of personnel who know what and how to do in the event of a visit by auditors so as not to harm the taxpayer (Malyshkin, 2013).

To achieve this goal, it is necessary to develop an internal procedure for actions and behavior of personnel in the event of a tax audit. This means that employees must understand how to act during the inspection, follow the rules of communication with the inspectors, have the rules of document circulation and other organizational aspects related to this process. Simply reading the document will not be enough; it is quite justified to conduct practical trainings that will help to better understand and solve possible issues that may arise.

Recommendation:

Prepare staff for a possible tax audit by developing internal procedures and staff behavior during this process. Carry out practical training for employees so that the algorithm of actions is not only fixed on paper, but also implemented in real practice.

„Semper paratus” (Always ready)

Initiating and conducting a tax audit can often be unpredictable for the taxpayer. In the absence of grounds for inspection, necessary documents and possible excess of powers by tax officials, the taxpayer should always be ready for „full combat readiness”. Therefore, it is
wise to engage a tax lawyer/advocate in advance who can quickly provide legal assistance should a tax audit begin, rather than trying to „put out the fire” once it has started.

Recommendation:
Engage a lawyer/attorney specializing in tax law in advance to be able to quickly benefit from legal assistance in the event of a tax audit.

A tax audit is a complex and independent check of the tax accounting of a business entity, the accuracy of calculation and payment of taxes and fees, as well as assessment of tax risks. It is important to note that the term „tax audit” in the legislation of Ukraine, such as the Tax Code of Ukraine (PC of Ukraine) (Tax Code of Ukraine, 2010) or the Law of Ukraine „On the Audit of Financial Statements and Auditing”, as well as in other normative legal acts, does not have a clear definition (Tax Code of Ukraine, 2010).

The report, which is prepared by an independent auditor as a result of a tax audit, serves as the basis for developing the company’s tax planning. Thus, conducting a tax audit involves, first of all, the optimization of the company’s tax planning system and, accordingly, the reduction of the amount of taxation of its activities.

The world practice of auditing has developed against the background of the growing globalization of the economy and the complexity of business operations. The objectivity of auditors allows them to independently evaluate financial statements, convincing stakeholders of its reliability and accuracy. The audit also stimulates the improvement of internal control and management systems in enterprises in order to avoid mistakes and financial fraud.

Figure 2. Objective factors determining the emergence and development of auditing in global practice

The objective factors that contributed to the emergence and development of auditing in global practice reflect the deep context of economic and social development. The need for reliable information, the development of capitalist economic systems, legislative regulation, globalization and trust in financial institutions have combined to create a favorable environment for the formation and spread of audit practice.
CONCLUSION

In the context of modern business, tax audits and systematic preparation for tax audits become important components of the successful functioning of any organization. In this conclusion, we will consider how these aspects contribute to maintaining the financial stability of the enterprise.

Tax audit is a necessary tool for assessing and ensuring compliance of enterprise taxation with tax legislation.

It can be emphasized that the tax audit plays an important role in minimizing the risks of tax law violations and enables companies to effectively manage their tax strategy. It helps identify opportunities to optimize taxation and avoid tax risks.

It is also important to consider that conducting a tax audit requires cooperation and openness on the part of the enterprise. This process should not only be a tool for identifying possible deficiencies, but also a means for developing an effective tax strategy and increasing financial discipline.

Therefore, a tax audit is an important component of modern financial management aimed at ensuring compliance with legislation, optimizing taxation and creating a reliable fiscal strategy to achieve financial stability of the enterprise.

The research focus of the subject is focused on the development of strategies for optimizing tax obligations, improving audit systems and preparing for tax audits to ensure the sustainability of enterprise finances.

First of all, a tax audit is not only a tool for identifying possible risks and non-compliance with tax legislation, but also a key step in the formation of an effective tax planning strategy. Analysis of tax processes and accounting allows the organization to determine the optimal ways of taxation, minimize financial risks and ensure the correctness of tax reporting.

Preparation for tax audits is no less important, as it allows the enterprise to be ready for interaction with tax authorities. Systematic analysis of financial and tax documentation avoids misunderstandings and disputes during audits, ensuring a high level of internal discipline.

An important aspect is the integration of these processes into strategic management. By providing constant monitoring and analysis of tax obligations, the company can effectively adapt to changes in tax legislation and make the most of opportunities to optimize the tax burden.

Therefore, the implementation of a tax audit and systematic preparation for tax audits is a strategic necessity for maintaining the financial stability of the organization. This not only reduces risks and the negative impact of tax aspects on the financial situation, but also contributes to the formation of a positive image in front of stakeholders and partners. Ultimately, these measures contribute to the creation of a reliable financial foundation, which is the basis for the sustainable development of the organization in the conditions of the modern business environment.
REFERENCES