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## **ECONOMIC NATURE OF TAXES AND PECULIARITIES OF FUNCTIONING OF TAX SYSTEMS**

Introduction. Taxes are an integral and important component of the economic system of any country. They are the main mechanism for redistributing national income to finance public expenditures and meet social needs. Taxes provide revenues to the budget, which finances such important areas as education, healthcare, social protection, infrastructure, security and other areas. The study of the economic nature of taxes and the peculiarities of tax systems is extremely relevant, as tax policy plays a key role in ensuring sustainable economic development, forming the budgets of countries and maintaining their social stability. In today's globalized and digitalized economy, tax systems face new challenges, such as combating transnational tax evasion schemes and ensuring equity in the distribution of the tax burden. Changes in the international tax environment require a rethinking of existing approaches to tax regulation. The relevance of the topic is driven by the need to adapt national tax systems to new realities arising from technological progress, economic crises and global trends in sustainable development.

Results of the study. The analysis of the works of leading scholars suggests that the economic content of taxes is manifested in the fact that they are a source of state revenues, a tool for redistribution of resources, a mechanism for economic regulation and stabilization of the economy. In this regard, it can be viewed from several perspectives. Firstly, as a source of revenue for the state, they are used to finance various social needs, such as healthcare, education, defense and infrastructure development [1, 2]

Secondly, the government can use taxes to reduce income inequality among the population by redistributing funds from the wealthier to the less well off. Thirdly, taxes can be used as an economic policy tool to stimulate or discourage certain activities. For example, high taxes on alcohol or tobacco can reduce their consumption, while tax incentives for innovative enterprises can stimulate their development. In addition, in times of economic crisis or recession, the government can use tax instruments to support demand and stimulate economic growth. Therefore, it can be argued that taxes play a key role in the functioning

of the economy, ensuring the financial stability of the state and contributing to its socio-economic development. Guided by this, governments develop their tax systems [3, 4].

The formation of the tax system is a complex process that depends on economic, social and political factors that are determined by the tax policy of the state [5]. The scientific literature lacks a unified approach to defining the concept and essence of state tax policy, which is due to the variety of scientific interpretations of this category, as well as the complexity and multidirectionality of its content. The study of the category of "state tax policy" is complicated not only by the multifaceted nature of the phenomenon itself, but also by the fact that it covers several interrelated categories, such as "tax policy" and "tax system". The explication of the conceptual apparatus will allow for a deeper understanding of the role and functions of taxes in modern society, as well as determine the optimal approaches to the formation of tax policy and the tax system in the state, and will contribute to the formation of more efficient and fair tax systems that take into account the interests of all citizens and ensure the stability of public finances [6]. At the same time, it is important to take into account that tax policy should be flexible and able to adapt to changes in the economic and social spheres, allow the state to respond quickly to challenges arising from globalization, technological changes and other factors, and the tax system should be transparent and easy to understand so that businesses and citizens can easily navigate their tax obligations and have confidence in government institutions

Theoretically, the potential of tax as an economic category is realized by the tax system through the fulfillment of the goals and objectives set by the tax policy. The taxation system defined by law becomes a practical tool for redistributing taxpayers' income. If the taxation system defined in the law does not ensure the disclosure of the internal economic potential of the state and is not able to provide adequate budget revenues, then it can be argued that it does not fulfill its functions [7].

The main aspects of tax policy include the formation of the state budget and tax collection and are determined by the socio-economic priorities of society, strategic goals of the national economy and international obligations

The key objectives of tax policy are to achieve fiscal stability, optimal distribution of income, economic growth, social justice and environmental sustainability. Economic growth is an important objective of tax policy, as taxes can stimulate investment and entrepreneurial activity, create new jobs, promote innovation and modernize production.

Finally, environmental sustainability is becoming an increasingly important goal of tax policy in the face of global environmental challenges [8].

To achieve the goals of tax policy, it is important to create an efficient and transparent tax system. The tax system, as a tool for implementing tax policy, should ensure stable budget revenues, promote economic stability and stimulate growth. It includes various types of taxes and fees, mechanisms for their administration, and ensures interaction between government agencies and taxpayers. It is extremely important that the tax system takes into account the specific features of the national economy and responds to modern challenges and threats.

Conclusions. The process of forming a tax system includes the development of methods of administration and control over the payment of taxes, which ensures transparency and accountability of tax procedures. A rational tax system should be adaptive to economic changes, include mechanisms to reduce the tax burden on small businesses and innovative industries, and provide for measures to stimulate investment activity and competitiveness of the national economy. Thus, the tax system not only provides financial resources for the state, but is also a strategic instrument of public administration that allows to influence the rate of economic growth, provide social protection and promote environmental sustainability.

Thus, an effective tax system is an important component of economic stability and development of the state, which ensures regular budget revenues, promotes social justice and economic growth. The development of such a system requires a balanced approach, taking into account national peculiarities and international experience. The tax system should be able to adapt to changes in the economy and society, as well as to respond quickly to economic crises or other unforeseen circumstances. Tax procedures should be simple and clear, reducing the likelihood of errors and facilitating the tax collection process for both taxpayers and tax authorities. Adherence to the principles of taxation, such as universality, fairness, certainty and convenience of payment, contributes to the achievement of tax policy objectives, including ensuring budget revenues, redistribution of income, stimulating economic growth, controlling inflation and supporting environmental initiatives

Further research will be aimed at studying the possibilities of integrating modern technologies into tax administration and taking into account international experience in the formation of national tax systems.

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