

# “Tourist tax administration in the fiscal target system for hospitality businesses”

**AUTHORS**

Liudmyla Bovsh  <https://orcid.org/0000-0001-6044-3004>  
 <https://publons.com/researcher/2209045/liudmila-bovsh/>  
Alla Okhrimenko  <http://orcid.org/0000-0003-0405-3081>  
 <https://publons.com/researcher/2216029/alla-ao-okhrimenko/>  
Margarita Boiko  <http://orcid.org/0000-0003-0249-1432>  
 <http://www.researcherid.com/rid/N-3073-2016>  
Sandeep Kumar Gupta  <https://orcid.org/0000-0002-2670-2858>  
 <https://publons.com/researcher/3368160/sandeep-kumar-gupta/>

<b>ARTICLE INFO</b>	Liudmyla Bovsh, Alla Okhrimenko, Margarita Boiko and Sandeep Kumar Gupta (2021). Tourist tax administration in the fiscal target system for hospitality businesses. <i>Public and Municipal Finance</i> , 10(1), 1-11. doi: <a href="https://doi.org/10.21511/pmf.10(1).2021.01">10.21511/pmf.10(1).2021.01</a>
<b>DOI</b>	<a href="http://dx.doi.org/10.21511/pmf.10(1).2021.01">http://dx.doi.org/10.21511/pmf.10(1).2021.01</a>
<b>RELEASED ON</b>	Friday, 29 January 2021
<b>RECEIVED ON</b>	Sunday, 15 November 2020
<b>ACCEPTED ON</b>	Wednesday, 27 January 2021
<b>LICENSE</b>	 This work is licensed under a <a href="https://creativecommons.org/licenses/by/4.0/">Creative Commons Attribution 4.0 International License</a>
<b>JOURNAL</b>	"Public and Municipal Finance"
<b>ISSN PRINT</b>	2222-1867
<b>ISSN ONLINE</b>	2222-1875
<b>PUBLISHER</b>	LLC “Consulting Publishing Company “Business Perspectives”
<b>FOUNDER</b>	LLC “Consulting Publishing Company “Business Perspectives”

  
NUMBER OF REFERENCES  
**23**

  
NUMBER OF FIGURES  
**4**

  
NUMBER OF TABLES  
**1**

© The author(s) 2025. This publication is an open access article.



## BUSINESS PERSPECTIVES



LLC "CPC "Business Perspectives"  
Hryhorii Skovoroda lane, 10,  
Sumy, 40022, Ukraine  
[www.businessperspectives.org](http://www.businessperspectives.org)

**Received on:** 15<sup>th</sup> of November, 2020

**Accepted on:** 27<sup>th</sup> of January, 2021

**Published on:** 29<sup>th</sup> of January, 2021

© Liudmyla Bovsh, Alla Okhrimenko,  
Margarita Boiko, Sandeep Kumar  
Gupta, 2021

Liudmyla Bovsh, Ph.D. in Economics,  
Associate Professor, Faculty of  
Restaurant, Hotel and Tourism  
Business, Department of Hotel and  
Restaurant Business, Kyiv National  
University of Trade and Economics,  
Ukraine Kyiv National University of  
Trade and Economics, Ukraine.

Alla Okhrimenko, Ph.D. in Economics,  
Associate Professor, Faculty of  
Restaurant, Hotel and Tourism  
Business, Department of Hotel and  
Restaurant Business, Kyiv National  
University of Trade and Economics,  
Ukraine. (Corresponding author)

Margarita Boiko, Doctor of Economics,  
Professor, Faculty of Restaurant, Hotel  
and Tourism Business, Department  
of Hotel and Restaurant Business,  
Kyiv National University of Trade and  
Economics, Ukraine.

Sandeep Kumar Gupta, Ph.D.  
(Industrial Sociology), Professor,  
Faculty of Management, Department  
of Management IIMT College of  
Engineering, Greater Noida, Dr A P  
J Abdul Kalam Technical University,  
India.



This is an Open Access article,  
distributed under the terms of the  
[Creative Commons Attribution 4.0  
International license](https://creativecommons.org/licenses/by/4.0/), which permits  
unrestricted re-use, distribution, and  
reproduction in any medium, provided  
the original work is properly cited.

**Conflict of interest statement:**

Author(s) reported no conflict of interest

Liudmyla Bovsh (Ukraine), Alla Okhrimenko (Ukraine),  
Margarita Boiko (Ukraine), Sandeep Kumar Gupta (India)

# TOURIST TAX ADMINISTRATION IN THE FISCAL TARGET SYSTEM FOR HOSPITALITY BUSINESSES

**Abstract**

Decentralization reforms cause social challenges and shape a new configuration, conditions and behavioral etiquette for business entities in the fiscal environment of local communities in Ukraine. Destinations with significant tourism potential can form a powerful budgetary resource through local taxes, including tourist tax. The study aims to develop a tourist tax administration system in the context of drawing up local budgets and fiscal targets of hospitality businesses. The dynamics of tourist tax revenues to local budgets was traced, which shows a rapid growth in the pre-pandemic period by 47.1% and a slight decrease in 2020. The forecast indicators for the tourist tax growth are determined: by the end of 2022, it is 73.4% compared to 2019. The likelihood of achieving such results is justified by the increase in domestic tourist flows and the possibilities of increasing the efficiency of the tourist tax administration system. Most united territorial communities (UTC) have problems with formalizing the management process, lack of strategic vision, partial or complete lack of information on budgeting and administration of taxes and fees, including tourist tax. This led to the following proposals: the development of strategies and tactics that motivate fiscal discipline; assistance to cooperation of hospitality entities with UTCs; providing digitalization, agilization and forward-looking improvements that set benchmarks for business. The emphasis is on hospitality businesses' ability of effectively utilize the financial resources generated by the tourist tax, which will contribute to developing the overall potential of UTCs and shaping the competitiveness of territories

**Keywords**

fiscal space, taxes, tourist tax, hospitality business  
(hotel business entity), united territorial communities,  
economic potential

**JEL Classification**

E62, H71, L83

**INTRODUCTION**

The pandemic crisis caused by the spread of COVID-19 in the world and in Ukraine has slowed down processes in almost all spheres of society and significantly affected the functioning of tourism and its important component – the hotel business. The manifestation of this impact can be characterized as controversial due to the ambiguity and the emergence of new opportunities for the development of the hospitality environment, which requires institutional support in the form of tax and budgetary incentives. Given that the functioning of hospitality businesses is characterized by its scale and multiplicity, since a wide range of other economic activities is involved in the creation of a hotel product and conditions for its consumption, a favorable fiscal space is formed in certain Ukrainian destinations. At the same time, a marker of the successful development of the territories' economy is the targeted efficient use of tax revenues and effective interaction of the fiscal space subjects. The state decentralization policy allows determining the strategic vectors for the development and use of accumulated local taxes and fees for the improvement of tourism and hotel business infrastructure, promotion of business projects and social equalization. From this perspective, it is important to study the system of administration of local taxes and fees, in particular the tourist tax, which has a clear targeted operationalization.

## 1. LITERATURE REVIEW

In Ukraine, in the context of expanding financial decentralization, studies of the formation of a favorable and efficient fiscal environment are being updated. Pshyk (2019) and Tsymbalyuk (2019) pay attention to the role of a fiscal space in ensuring the development of regions in the context of identifying ways of accumulating and searching for reserves to increase local budget revenues and optimize expenditures to achieve the set goals. Accordingly, there is a need to search for new and improve existing mechanisms aimed at strengthening the financial base of the regions in order to stimulate their development.

The need to create an effective fiscal space is explained by the fact that countries with a low and medium level of the institutional framework for formulating fiscal policy could face the permanent deficit and public debt problem (Chugunov et al., 2018, p. 113). At the same time, the fiscal and political autonomy of local governments is designed to ensure social and economic development and raise the quality of public services (Pasichnyi et al., 2019, p. 37).

The need for an effective fiscal policy is due to the process of administering taxes and fees, which Ukrainian scholars consider in various aspects, including legal, financial, economic and managerial. In this case, one can agree that tax administration is a form of a complex systemic organization of tax regulation, control and collection, based on a combination of imperative methods of tax authorities and incentives for taxpayers' initiative (Sadekov, 2009, p. 90). In terms of social management, tax administration is understood as the management of people and events in the field of taxation through hierarchically structured decisions of representative bodies and actions of relevant executive authorities (Andrushenko, 2003, p. 28). Accordingly, various business entities, including the hotel business, are directly involved in the administration of taxes and fees.

Accommodation taxes in hospitality businesses are established in different countries around the world. In many cases, the proceeds from the various hotel and accommodation related levies are used for tourism marketing, promotion and local

development. Only in five countries (Chile, the Czech Republic, Egypt, Ireland and Spain), these taxes are nationwide, in the rest they are at the sub-national and primarily the municipal level and may be seasonal in nature (OECD, 2014, p. 85).

To support the development of individual united territorial communities (UTCs) and destinations and diversify the fiscal space in Ukraine, a tourist tax was introduced as a local tax, the funds of which are credited to the local budget (Verkhovna Rada of Ukraine, 2010). In accordance with the Ukrainian legislation, from January 1, 2019, the mechanism of taxation of tourist tax was changed and the concept of a tax agent for its collection appeared (Verkhovna Rada of Ukraine, 2018). Some of the changes to this Law have been controversially perceived by the tourist community due to the replacement of tax rates as a percentage of the minimum wage instead of a percentage of the cost of living. Currently, the rate is set for each day of temporary accommodation in places of residence (overnight stay) at up to 0.5% for domestic tourism and up to 5% for inbound tourism from the minimum wage established by law from January 1 of the reporting (tax) year, for one person for a day of temporary accommodation (Verkhovna Rada of Ukraine, 2018).

Melnychenko (2020) presents the results of a comparative analysis of the mechanisms for paying the tourist tax in the world practice of tourism business and changes to the Tax Code of Ukraine. In particular, attention is drawn to the fact that only in Ukraine the size of the minimum wage and the discriminatory rate in the amount of its collection for domestic and foreign tourists make the basis for taxation of the tourist tax. Shot (2018) conducted statistical studies of the dynamics of tourist tax receipts to local budgets of Ukraine's regions for 2014–2016.

Chvalyuk (2014), Tsymbalyuk (2019), and Nedostup (2020) considered the legal framework for regulating tourist tax collection. They focused on the existing legal and organizational conflicts, inconsistencies in the administration of the tourist tax and substantiated proposals for their elimination. In particular, Tsymbalyuk (2019) notes that the occurrence of negative effects in the fiscal targets management system is determined by the

following factors: suboptimal use of local budget resources, in particular, significant costs of maintaining management personnel; inappropriate use of resources for the implementation of programs for territories' inclusive development, which are often used to solve current problems and do not have a well-thought-out conceptual strategy and systematic measures; lack of competence management, which is due to inexperience and inadequate level of the leadership of the UTC bodies and causes the loss of intellectual and marketing potential of the territories, etc. (Tsymbalyuk, 2019, p. 169).

The research results show that effective fiscal regulation is ensured only through the synergy of its fiscal, regulatory, and incentive functions, the reconciliation of fiscal sustainability and tax neutrality principles (Chugunov et al., 2020, p. 134). In this context, it should be emphasized that a good investment climate for tourism, underpinned by a sound tax regime, can play a central role in a government's growth and development strategy (Corthay & Loerprick, 2010). Therefore, there is an urgent need to study the problems associated with improving fiscal processes at the local level, in particular, in terms of tourist tax.

Given many legal contradictions in tourist tax administration, there is a need to determine motivating factors in the observance of fiscal discipline and the fiscal targets of hotel businesses on the collection of tourist tax in the existing legal field, which leads to the opportunities that determine the introduction of new mechanisms and technologies for accumulating and using tourist tax for the development of territories.

## 2. AIM

The study aims to develop a tourist tax administration system in the context of the formation of local budgets and fiscal targets for hospitality businesses.

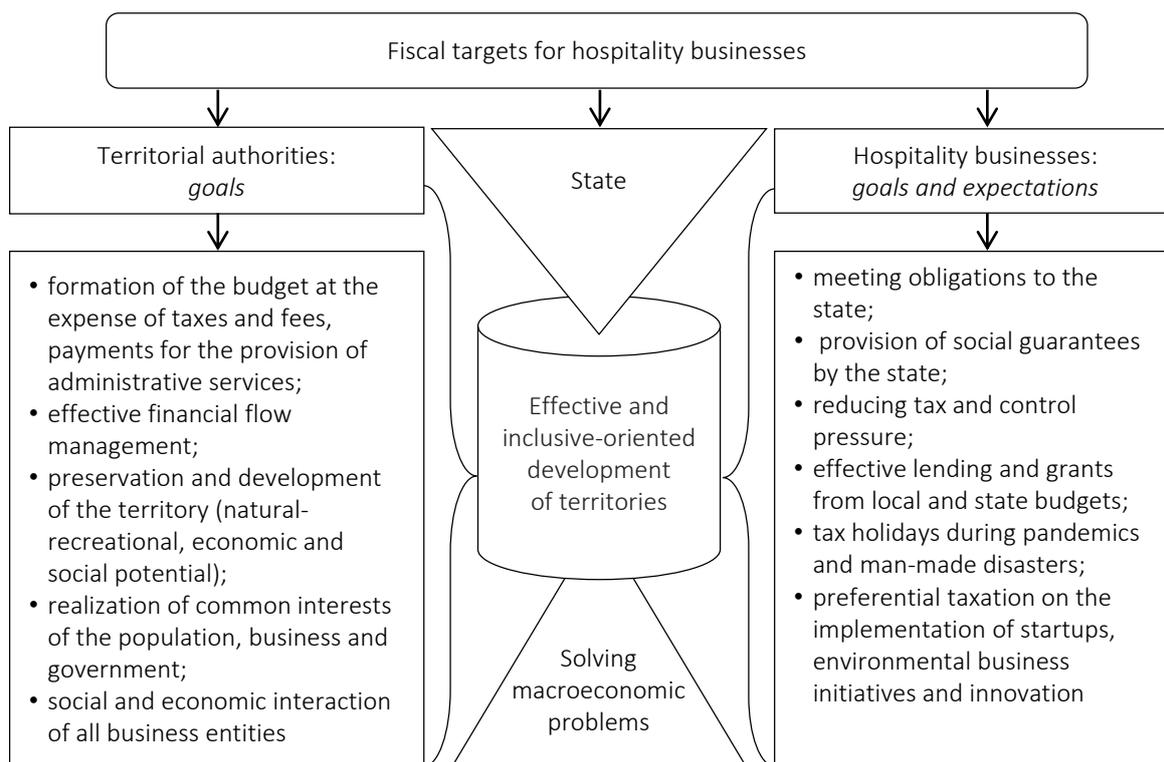
## 3. METHODS

The cross-disciplinarity of the object under study has led to the use of a set of empirical methods, in the formation of both models and research re-

sults. Thus, the axiomatic method made it possible to determine fiscal space entities' goals and expectations and build a model of fiscal targets for hospitality entities in the strategy for the development of territories. Using the systematization method, a composition of the architectonics of the relationship between UTCs and the entities of hotel and tourism business in the fiscal space was formed. Logical argumentation is used to substantiate the interaction of socio-economic and fiscal spaces in the formation of the competitiveness of the territories due to the financial interaction of hospitality businesses and UTCs. Statistical analysis tools provided a quantitative assessment of the dynamics of fiscalization of the tourist tax, and the method of extrapolation along the trend line formed the probabilistic growth rate of the tourist tax for the forecast period. The information basis of the study was the reporting materials of the State Fiscal Service of Ukraine and the State Tax Service of Ukraine, as well as a review of the official websites of regional state administrations to inform about the functioning and development of UTCs.

## 4. RESEARCH RESULTS

In Ukraine, as a result of the decentralization reform launched in 2014, united territorial communities (UTCs) were created, which outline certain administrative-territorial units of one region with common socio-economic interests. The new entities received more authority to manage finances, which come directly from the state budget for development purposes and accumulate as a result of fiscal processing of local taxes and fees. The interests of recipients – UTCs and local business – are centered around the activated cash flows. The state, in turn, delegating the rights and responsibilities to the UTC bodies for the formation of fiscal policy and the mechanism for their collection, provides solutions to macroeconomic problems. Thus, fiscal targets are the determining factor of the current mechanism of state tax and budgetary policy, which are implemented in the macro-plane and in the activities of territorial units (UTCs, destinations, regions). To single out the directions of fiscal targets of hospitality businesses, it is necessary to contaminate them. Thus, fiscal targets are areas of aggregation and redistribution of financial flows,



**Figure 1.** Fiscal targets for hospitality businesses in the territorial development strategy

the source of which are taxes and fees, and end users are entities that carry out certain activities at the expense of these funds, or projects aimed at developing a territorial unit.

Tourist tax as a target budget instrument is a local tax, the funds from which are credited to the local budget. The tourist tax rate is determined by local authorities independently and is based on the minimum wage. In this process, hotel businesses act as tax agents who form the goals and tax expectations when shaping the strategic development of a territory (Figure 1).

The goals of territorial authorities in collecting taxes and fees are to ensure local social and economic interests. When forming the competencies of fiscal discipline, the hospitality entities a priori expect a fair redistribution of financial flows that will provide them with favorable economic conditions and will stimulate development, in particular, in the face of the pandemic plateau uncertainty. In turn, the state generates interests in solving macroeconomic problems: the development of business and territories will help to overcome un-

employment, contribute to economic growth, targeted distribution of financial flows of local and state budgets, etc.

Fiscal targets are, of course, limited by the size of the territory’s tax potential. Therefore, at the stage of their specification, it is advisable to study the dynamics of the volume of tourist tax. According to the State Fiscal Service of Ukraine (2019), in the last six years of the pre-pandemic period, revenues from the payment of tourist tax have been growing dynamically every year, and the result in 2019 became a record and amounted to UAH 196.2 million (Table 1).

Thus, in the pre-pandemic period (2014–2019), there is an increase in growth rates by an average of 47.1%:

$$\sqrt[6]{49.9 \cdot 45.7 \cdot 29.8 \cdot 29.2 \cdot 116.3}$$

It is worth noting the territorial disparities in the amount of tourist tax. In particular, the city of Kyiv and regions such as Lviv, Ivano-Frankivsk, Mykolaiv, Odesa, Zakarpattia, Zaporizhzhia, and

**Table 1.** Dynamics of tourist tax receipts to local budgets of Ukrainian regions in 2014–2019 and for 11 months of 2020, thousand UAH

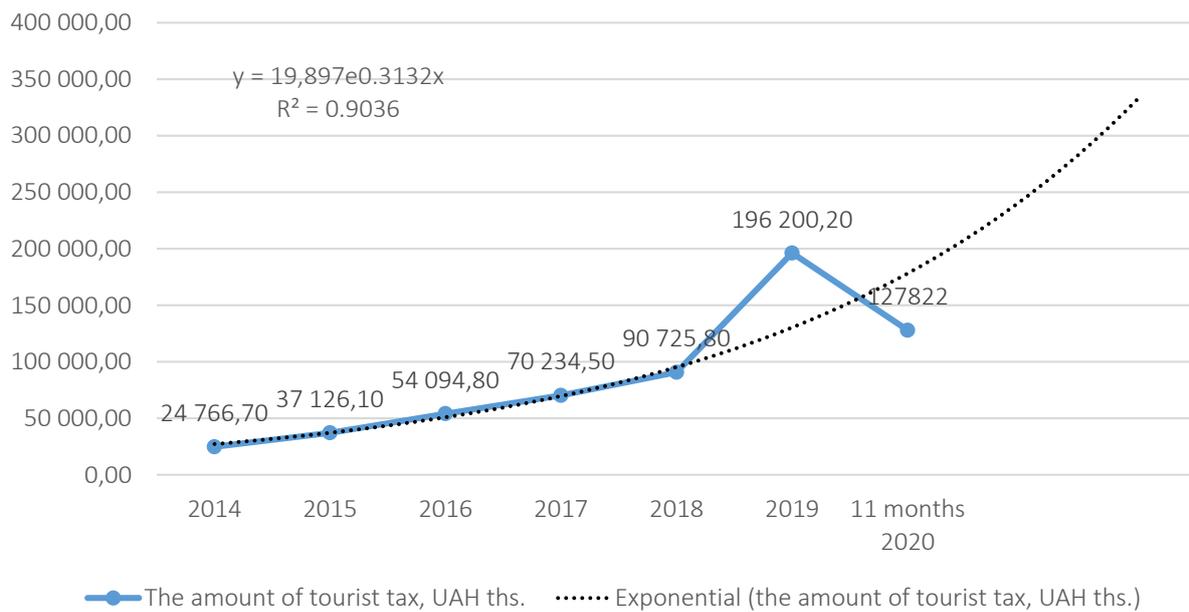
Source: Developed by the authors according to the State Fiscal Service of Ukraine (2019) and the State Tax Service of Ukraine (2020a, 2020b).

Region name	2014	2015	2016	2017	2018	2019	11 months of 2020
Autonomous Republic of Crimea	482.6	0.0	0.0	0.0	0.0	0.0	0.0
Vinnitsia	181.1	209.6	310.4	394.7	483.8	2,593.2	1,385.5
Volyn	200.7	324.2	373.4	491.8	584.6	1,376.0	1,021.6
Dnipropetrovsk	877.4	1,289.4	1,749.9	2,084.9	2,510.5	7,784.9	5,221.0
Donetsk	846.1	669.1	914.3	837.3	1,224.4	3,580.0	2,610.8
Zhytomyr	169.0	225.3	349.4	452.2	544.8	2,387.2	1,351.6
Zakarpattia	930.4	1,527.2	2,199.1	2,901.6	3,802.0	8,560.9	6,207.2
Zaporizhzhia	1,410.8	1,565.3	2,070.8	2,709.6	3,665.4	8,208.3	6,000.1
Ivano-Frankivsk	946.8	1,578.5	2,292.8	3,021.6	3,699.4	6,102.9	5,466.4
Kyiv	682.4	862.5	1,247.9	1,560.0	2,326.9	9,380.6	9,655.8
Kirovohrad	65.7	92.3	167.9	203.3	259.3	721.7	628.8
Luhansk	109.4	47.7	102.7	119.0	143.9	1,085.0	1,438.4
Lviv	3,569.8	5,915.0	8,418.5	10,730.7	13,417.6	21,561.8	11,559.6
Mykolaiv	457.5	753.1	1,155.3	1,429.1	1,832.6	4,340.4	4,541.5
Odesa	2,725.3	4,865.2	7,336.3	9,063.9	11,550.7	21,382.8	14,917.1
Poltava	313.4	449.2	717.1	1,076.7	1,341.0	2,954.8	2,510.9
Rivne	127.2	170.2	266.5	308.7	355.7	1,375.2	986.5
Sumy	130.5	161.6	227.6	289.2	332.2	1,187.7	985.7
Ternopil	128.7	161.4	240.0	292.5	402.0	1,095.3	592.7
Kharkiv	887.8	1,081.5	1,780.5	2,495.6	2,972.2	8,530.9	6,218.2
Kherson	793.2	1,074.7	1,888.4	2,702.9	3,690.4	8,403.7	4,405.4
Khmelnyskyi	207.8	303.1	465.7	508.8	731.5	2,145.2	1,533.6
Cherkasy	271.1	310.9	409.5	545.5	724.1	4,727.0	1,897.8
Chernivtsi	228.2	244.1	318.6	418.8	527.2	1,122.2	693.9
Chernihiv	154.8	207.8	311.9	444.5	599.4	1,612.2	1,418.7
The city of Kyiv	5,788.0	9,779.0	14,706.6	16,441.6	23,687.8	63,628.7	28,044.0
The city of Sevastopol	58.5	0.0	0.0	0.0	0.0	0.0	0.0
Headquarter	2,022.6	3,257.9	4,073.6	8,709.9	9,316.7	10,121.7	6,529.6
Total	24,766.7	37,126.1	54,094.8	70,234.5	90,725.8	196,200.2	127,822.4
Annual growth rate, %	x	49.9	45.7	29.8	29.2	116.3	-34.8

Kharkiv have the greatest fiscal potential, and the least – Rivne, Kirovohrad, Luhansk, and Donetsk regions, due to the depressive nature of the hotel business in these territories. Moreover, in some periods, the ratio of tourist tax payments between the leading regions and outsiders was more than 20-30 times. Objective factors influenced the indicators of the tourist tax in 2020, the payment of which is decreasing in 11 months in most regions. The trend line of the general tourist collection dynamics in the Ukrainian regions is shown in Figure 2.

In the process of forecasting fiscal expectations, the statistical data is better approximated by the dependence  $y = 19,897e^{0.3132x}$  with the coefficient of determination  $R^2 = 0.9036$ . So, it is determined that by the end of 2022 the volume of tourist tax

will amount to UAH 340.0 million, i.e. an increase of 73.4% is provided compared to 2019. The achievability of such indicators is reflected in the rather positive results of the development of domestic tourism in some Ukrainian regions, even during the pandemic. Thus, according to the State Tax Service of Ukraine (2020b), in three regions – Kyiv, Mykolaiv and Luhansk – the indicators of tourist tax for 11 months of 2020 compared to 2019 (see Table 1) even increased by 2.9%, 4.6% and 32.6%, respectively. In some regions, during this period, a decrease in tourist tax payments is significant, but non-catastrophic: Ivano-Frankivsk – 10.4%, Chernihiv – 12.0%, Poltava – 15.0%. However, the regions with the greatest decline should be noted: Zhytomyr – 43.4%, Ternopil – 45.9%, Lviv – 6.4%, Vinnitsia – 46.6%, Kherson – 47.6%, and the city of Kyiv – 55.9%. In general, according to the State



**Figure 2.** The trend line of the general tourist tax dynamics of Ukraine's regions in 2014–2019 and for 11 months of 2020 (exponential dependence)

Tax Service of Ukraine for 11 months of 2020, the amount of proceeds from tourist tax is UAH 127,822.4 thousand, that is, 65.2% of the annual indicator for 2019.

Relatively optimistic expectations are due to the possible increase in the flow of visitors in hotel businesses due to the recession and end of the COVID-19 pandemic in the second half of 2021 and the growing need for recreation and rehabilitation in the post-quarantine period.

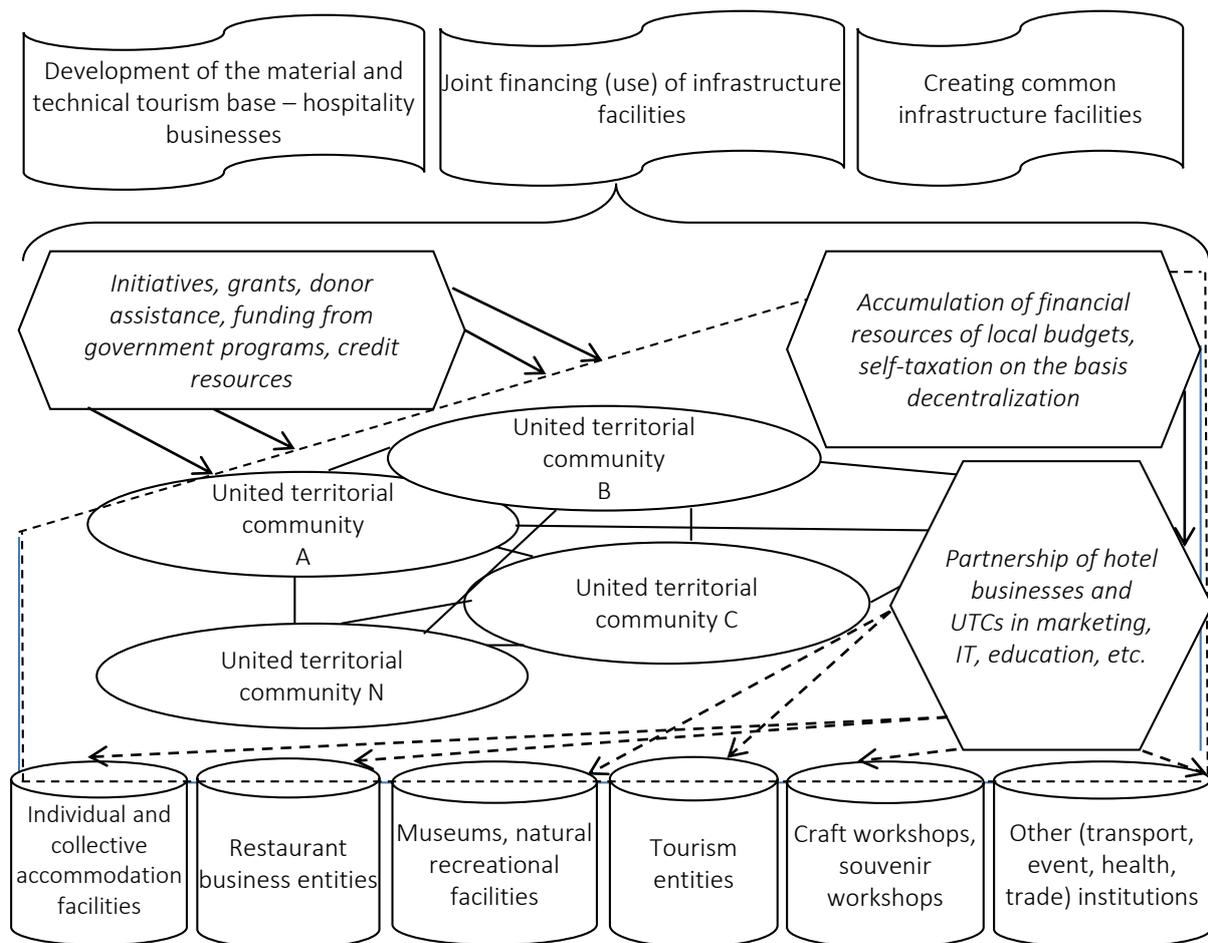
Thus, Melnychenko et al. (2020, p. 303) in their study, based on the results of a survey of experts using the Delphi method, determined that in the event of the end of the world pandemic, the Ukrainian tourism sector can reach the pre-crisis indicators in 1-3 years.

Despite the fact that the share of tourist tax in comparison with the total revenues of local budgets in Ukraine is quite low – 0.07% in 2019 and 0.04% in 2018 (calculated according to the State Tax Service of Ukraine, 2020a), in some UTCs that have significant tourism potential and are using it successfully, the tourist tax, reaching 10-15% of local tax revenues, allows them to be effectively used for the communities' needs.

Nowadays, domestic tourism (and later foreign) in Ukraine and its material and technical base – the activities of the hospitality businesses – can become an impetus for the development of territories, including UTCs, to overcome their local and macroeconomic problems. Some UTCs or their associations (inter-municipal cooperation), on the basis of partnerships in marketing, education and IT with the involvement of tourism and hotel infrastructure, including tour operators and agents, may organize certain clusters or other structures – cooperation of territorial communities (Figure 3), which will increase the tax potential of the territory.

However, due to the lack of strategic vision, experience and funding, these processes are progressing at a slow pace. Therefore, there is a need to intensify the use of innovations that can foster the development of UTCs in the context of tourism through the implementation of small projects that do not require significant resources, but their results can have a significant effect, in particular fundraising projects (crowdfunding), social bonds. At the regional level, these projects will consider the expectations and values of the participants in the fiscal space and will promote the development of tourism and, therefore, the receipt of additional funds, community integration, employment growth, etc. Financing of partner structures

Source: Developed by the authors.



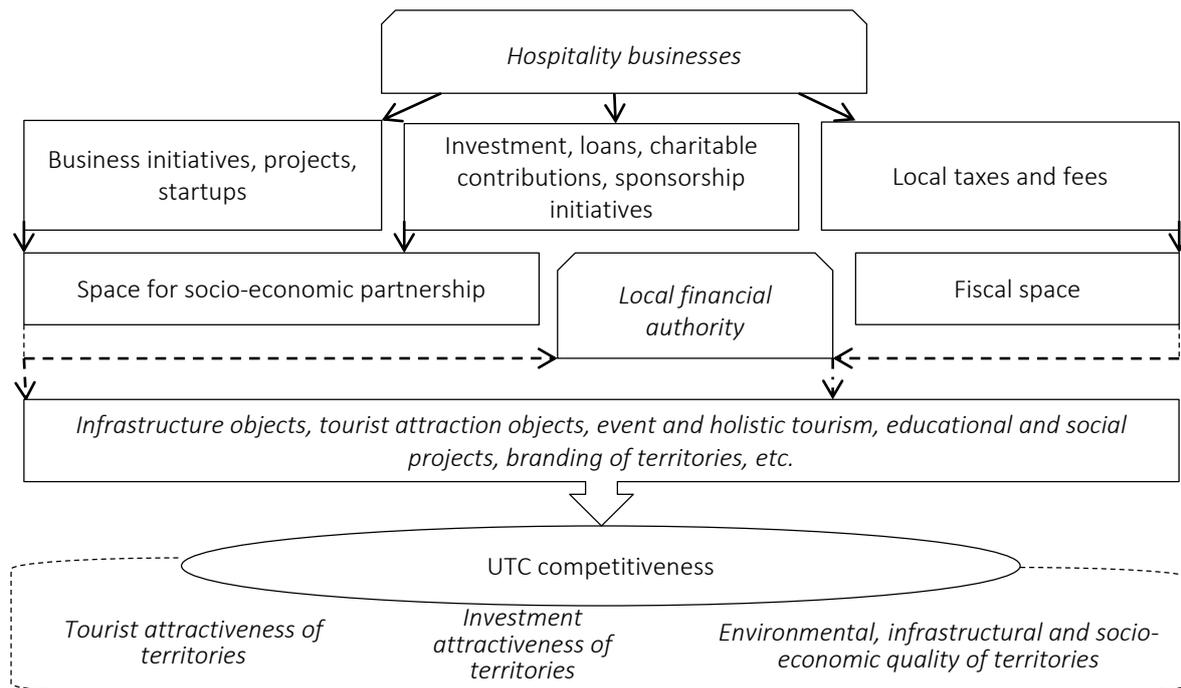
**Figure 3.** Architectonics of relationships between UTCs and hotel and tourism business entities in the fiscal space

through the accumulation of their own financial resources, including fiscal ones, became possible thanks to the decentralization reform and the implementation of international grants, donor assistance, financing within the framework of state programs, private financial initiatives, which is confirmed by the adoption and implementation of strategic concepts of road maps for tourist destinations: Kremenets, Dolyna, Lutsk, Ternopil, Klevan, Terebovlia, etc.

An important aspect in the administration process is control over the target direction of the tourist tax for the development of the tourist and hotel infrastructure of the local community. Thus, in 2021, a local financial body was introduced – an institution that performs the functions of drawing up and executing local budgets, monitoring the spending of budget funds, as well as other func-

tions related to the management of local budget funds (Verkhovna Rada of Ukraine, 2020). The initiative to create such a body belongs to local communities, in particular the Association of United Territorial Communities. Given that 100% of property tax, namely this category includes tourist tax, it is allowed to master a UTC, hospitality entities can implement private and business initiatives to develop the infrastructure of the territory, which will contribute to mutual development and increase the territory's competitiveness and tourist attractiveness (Figure 4). Hospitality loans can be realized both through direct lending to UTC projects, and through the purchase of local securities of the UTC beneficiary of the project (local financial authority), in particular bonds, bills, etc.

Tax and fee administration as a management process involves the performance of incentive func-



**Figure 4.** Financial interaction of hospitality businesses and UTCs in the formation of territories' competitiveness

tions. Given the fiscal potential of the territories (Table 1) in the context of the COVID-19 pandemic, a priori it is necessary to implement various projects that will help reduce socio-economic tension by promoting the employment of economic entities and people temporarily economically inactive due to the lockdown. At the same time, the creation of remote services that will serve the business relations of the territory and fiscal processes will contribute to the health and financial compliance of business entities, the introduction of branding of tourism opportunities in the local and national market of tourist services, as well as the rapid recovery of economic activity after the pandemic.

Given the outlined features of the collection of tourist tax by hospitality businesses, it is necessary to identify the existing multifaceted problems of administration that require further research and development of ways to overcome them:

- legislative inconsistencies (determining the tax base, taxpayer differentiation, a collection mechanism);

- the need for targeted use of tourist tax for the development of tourist infrastructure;
- stay of vacationers in the private sector and their non-payment of the corresponding fees; this problem, as a rule, concerns the de-shadowing of the tourism business;
- the need for cooperation between the local population and the authorities;
- active informing of UTCs on the presentation of their own potential in the virtual space, and opportunities for innovative development, the introduction of startups, attracting financial resources from alternative sources;
- bringing legal norms in line with European legislation.

Studies of the information and resource base of UTCs show that a certain problem in the tax and fee administration system is the definition of meeting points between UTCs, the population and potential investors due to poor informatization. Thus, a sample analysis of the regions showed the ab-

sence of official websites in most UTCs, and only social networks were used, in particular Facebook. In addition, the websites of regional state administrations have a detailed list of available UTCs, but there are practically no direct links to their websites. Some regional administrations, including the Zakarpattia Regional State Administration, have demonstrated positive experience in creating constructive investment maps and investment passports, which contributes to creating income centers and developing their fiscal prospects, but information is limited and is indicated in the list of investment proposals. Therefore, one can point the need to optimize UTC information resources by digitalizing fiscal and socio-economic targets, creating direct active sites and managing them.

In turn, UTC's improvement in tax administration and shaping fiscal targets correlates with agilization – a concept that broadens awareness of the role of fiscal targets and correlates with UTC objectives: community interests and partnerships are more important than processes and tools; concept products are more relevant than documentation, effective iteration simplifies the process, and willingness to change helps to respond flexibly to threats and crises (Janssen et al., 2020). As part of information site management, branding includes the process of drawing the attention of potential partners and investors, other UTCs to the resource opportunities of the territory and mutually beneficial cooperation that reinforces the polarity of fiscal targets in the future. The focus of branding is not only on the domestic, but also on the global information market, so the fiscal opportunities of the territory can be a criterion for attracting investment attention. Thus, the level of the tourist tax collection can become a litmus test for determin-

ing the positive prospects and attractiveness for the hotel business, since it is the right of local authorities, which is logically implemented in the tourist attraction. Thus, the launch of remote activities funded from the UTC budget will be aimed at promising improvements, digitalization and agilization of business processes, branding and attraction of territories for domestic and foreign tourists.

Considering UTC as a fiscal space, these resources are focused on fiscal targets that will form value categories:

- business responsibility for paying taxes and fees;
- motivation and support for the development of UTC as an effective partner and business stimulator; and
- competitiveness of conditions and increasing the attractiveness of the territory for the implementation and development of public and business initiatives.

Thus, the optimal forecasts of fiscal targets of hotel business entities will depend on the implementation of the fiscal mechanism and individual parameters of the fiscal space of territories, which, with a balanced approach to managing tourist fees and supporting the development of microenvironment, can become an effective factor in inclusive development. On the other hand, the negative effects of unbalanced fiscal targets can cause a deepening of interregional differentiation and negative direction of development vectors within certain territories, as the studies of statistical parameters of the fiscal space on the basis of a separate fiscal instrument, tourist tax, have shown.

---

## CONCLUSION

Crisis business environment and significant tax pressures cause distortions in the mentality of tax agents regarding compliance with tax discipline. The recently begun decentralization has not yet shown effective examples of using budget funds, which is a consequence of imperfect communication between participants in the fiscal space. However, it encourages the search for unique strategies and tactics that will motivate and incentivize people to pay taxes and fees.

Tourist tax administration is based on the mentality of observing the fiscal discipline by tax agents and connects the directions of cooperation in the architectonics of relationships, which are characterized by complementary interests and interdependence of the participants in the fiscal space. In the context of decentralization, hotel business entities, as tax agents with the properties of a multiplication catalyst, can effectively

master the financial resource generated by the tourist tax to overcome the consequences of COVID-19 and develop joint potential (through business concepts, infrastructure modernization, digitalization and operation of UTCs and destination branding). Therefore, creating meeting points and incentives for cooperation is a strategic challenge for UTCs. Digitalization, agilization and promising improvements in UTC include the introduction of informative websites showing investment passports and maps that could become a brand book for the territory in the system of fiscal targets and new etiquette of relationships. And strengthening the legislative and regulatory compliance of the fiscal process as intended will contribute to positive processes in harmonizing the economic and legal field in the financial market and partnerships of stakeholders. The introduction of financial targets in the activities of business entities and UTCs declared in the information space will gradually diffuse into the mentality of taxpayers and by natural symbiosis will oblige local government institutions to effectively master the sources of financial resources, thereby increasing the reputational capital and investment attractiveness of the territory.

It is promising to deepen research into tourist tax administration in order to assess the effectiveness of the development of local UTC taxes and fees generated by hospitality entities and implemented projects and partnership programs.

## AUTHOR CONTRIBUTIONS

Conceptualization: Liudmyla Bovsh, Alla Okhrimenko.

Data curation: Liudmyla Bovsh, Alla Okhrimenko.

Formal analysis: Liudmyla Bovsh, Alla Okhrimenko.

Funding acquisition: Margarita Boiko, Sandeep Kumar Gupta.

Investigation: Alla Okhrimenko, Margarita Boiko.

Methodology: Liudmyla Bovsh.

Project administration: Alla Okhrimenko.

Resources: Liudmyla Bovsh.

Supervision: Margarita Boiko, Sandeep Kumar Gupta.

Validation: Alla Okhrimenko, Sandeep Kumar Gupta.

Visualization: Alla Okhrimenko, Margarita Boiko.

Writing – original draft: Liudmyla Bovsh, Margarita Boiko, Sandeep Kumar Gupta.

Writing – review & editing: Margarita Boiko, Sandeep Kumar Gupta.

## REFERENCES

1. Andrushchenko, V. (2003). Fiskalne administruvannya yak nauka i mystetstvo [Fiscal administration as science and art]. *Finansy Ukrainy – Finance of Ukraine*, 6, 25-30. (In Ukrainian).
2. Chugunov, I., & Pasichnyi, M. (2018). Fiscal stimuli and consolidation in emerging market economies. *Investment Management and Financial Innovations*, 15(4), 113-122. [http://dx.doi.org/10.21511/imfi.15\(4\).2018.09](http://dx.doi.org/10.21511/imfi.15(4).2018.09)
3. Chugunov, I., Makohon, V., Vatulov, A., & Markuts, Y. (2020). General government revenue in the system of fiscal regulation. *Investment Management and Financial Innovations*, 17(1), 134-142. [http://dx.doi.org/10.21511/imfi.17\(1\).2020.12](http://dx.doi.org/10.21511/imfi.17(1).2020.12)
4. Chvalyuk, A. N. (2014). Zakonodavchi neuzgodzhenosti pry administruvanni turystychnoho zboru [Legislative inconsistencies at administration of tourist collection]. *Prykarpatskyi yurydychnyi visnyk–Carpathian Legal Bulletin*, 2, 133-142. (In Ukrainian).
5. Corthay, L., & Loeprick, J. (2010). Taxing Tourism in Developing Countries: Principles for Improving the Investment Climate Through Simple, Fair, and Transparent Taxation. *Investment Climate in Practice*, 14. World Bank, Washington, DC. Retrieved from <https://openknowledge.worldbank.org/handle/10986/10485>
6. Janssen, M., & van der Voort, H. (2020). Agile and adaptive governance in crisis response: Lessons from the COVID-19 pandemic. *International Journal of Information Management*, 55, 102180. <http://doi.org/10.1016/j.ijinfomgt.2020.102180>
7. Kloba, S. M. (2018). Ekonomichna otsinka rozvytku ta konkurento-spromozhnosti obiednanykh terytorialnykh hromad Lvivskoi oblasti [Economic assessment of the development and competitiveness of the united territorial communi-

- ties of Lviv region]. *Ekonomichnyi analiz – Economic Analysis*, 28(3), 27-36. (In Ukrainian).
8. Melnychenko, S. (2020). Tourist Fee: Impact on the Economy of the Region. *Visnyk Kyivskoho natsionalno torhovelno-ekonomichnoho universytetu – Bulletin of Kyiv National University of Trade and Economics*, 4, 64-73. (In Ukrainian). [http://doi.org/10.31617/visnik.knute.2020\(132\)05](http://doi.org/10.31617/visnik.knute.2020(132)05)
  9. Melnychenko, S., Boiko, M., Okhrimenko, A., Bosovska, M., & Mazaraki, N. (2020). Foresight technologies of economic systems: evidence from the tourism sector of Ukraine. *Problems and Perspectives in Management*, 4(18), 303-318. [http://dx.doi.org/10.21511/ppm.18\(4\).2020.25](http://dx.doi.org/10.21511/ppm.18(4).2020.25)
  10. Nedostup, K. K. (2020). Tourist tax: analysis of legal regulation of payment procedure. *Ekonomichna teoriia ta pravo – Economic Theory and Law*, 1(40), 142-161. (In Ukrainian). <http://doi.org/10.31359/2411-5584-2020-40-1-142>
  11. OECD. (2014). Taxation and tourism. In *OECD Tourism Trends and Policies 2014*. OECD Publishing, Paris. <https://doi.org/10.1787/tour-2014-6-en>
  12. Pasichnyi, M., Kaneva, T., Ruban, M., & Nepytyaliuk, A. (2019). The impact of fiscal decentralization on economic development. *Investment Management and Financial Innovations*, 16(3), 29-39. [http://dx.doi.org/10.21511/imfi.16\(3\).2019.04](http://dx.doi.org/10.21511/imfi.16(3).2019.04)
  13. Podzizei, O. O. (2020). Osoblyvosti formuvannia konkurento-spromozhnosti OTH na zasadakh staloho rozvytku [Features of OTG competitiveness formation on the basis of sustainable development]. *Ekonomichnyi Forum – Economic Forum*, 1(4), 72-77. (In Ukrainian). <http://doi.org/10.36910/6775-2308-8559-2020-4-10>
  14. Pshyk, B. (2020). The role of fiscal space in ensuring inclusive development of the region: theoretical aspect of research. *Efektivna ekonomika – Efficient economy*, 5. (In Ukrainian). <http://doi.org/10.32702/2307-2105-2020.5.12>
  15. Sadekov, A., & Pokyntyelytsia, M. (2009). Administruvannia podatyv: obgruntuvannia definitsii [Administration of taxes: substantiation of definitions]. *Naukovyj visnyk Natsionalnoho universytetu DPS Ukrainy (ekonomika, pravo) – Scientific Bulletin of the National University of the State Tax Service of Ukraine (economics, law)*, 2(45), 85-92. (In Ukrainian).
  16. Shot, A. P. (2018). Analiz vplyvu diialnosti turystychnoho biznesu na dokhody mistsevykh biudzhektiv [Analysis of the impact of tourism business on local budget revenues]. *Naukovyi visnyk Uzhhorodskoho universytetu – Scientific Bulletin of Uzhhorod University*, 1(51), 393-400. (In Ukrainian). [https://doi.org/10.24144/2409-6857.2018.1\(51\).393-400](https://doi.org/10.24144/2409-6857.2018.1(51).393-400)
  17. State Fiscal Service of Ukraine. (2019). *Informatsiia pro sumy nadkhodzen turystychnoho zboru (kod biudzhetnoi klasyfikatsii 18030000) do Mistsevykh biudzhativ Ukrainy za 2014–2018 roky (za danymi DKS)*. Lyst-vidpovid Derzhavnoi fiskalnoi sluzhby Ukrainy vid 17.01.2019 No. ZPI/99-99-07-02-02-14. Osobystyi arkhiv Ally Okhrimenko [Information on the amounts of revenues from the tourist tax (budget classification code 18030000) to the Local Budgets of Ukraine for 2014–2018 (according to the SCS)]. Letter-response of the State Fiscal Service of Ukraine dated January 17, 2019 No. ZPI/99-99-07-02-02-14. Personal archive of Alla Okhrimenko]. (In Ukrainian).
  18. State Tax Service of Ukraine. (2020a). *Informatsiia shchodo nadkhodzen v rozrizi okremykh platezhiv stanom na 01.12.2020 [Information on receipts in terms of individual payments as of 01.12.2020]*. (In Ukrainian). Retrieved from <https://tax.gov.ua/diyalnist-/pokazniki-roboti/nadhodjennya-podatktiv-i-zboriv--obovjaz/nadhodjennya-podatktiv-i-zboriv>
  19. State Tax Service of Ukraine. (2020b). *Informatsiia pro sumy nadkhodzen turystychnoho zboru stanom na 01.01.2020, 01.10.2020, 01.11.2020, 01.12.2020 (narostaiuchym pidsumkom z pochatku roku) (za danymi DKS)*. Lyst-vidpovid Derzhavnoi podatkovoi sluzhby Ukrainy vid 05.01.2021 No. ZPI/99-00-12-09-02-10. Osobystyi arkhiv Ally Okhrimenko [State Tax Service of Ukraine (2020). Information on the amounts of tourist tax revenues as of 01.01.2020, 01.10.2020, 01.11.2020, 01.12.2020 (cumulative total since the beginning of the year) (according to the SCS)]. Letter-response of the State Tax Service of Ukraine dated 05.01.2021 No. ZPI/99-00-12-09-02-10. Personal archive of Alla Okhrimenko]. (In Ukrainian).
  20. Tsymbalyuk, I. (2019). Sutnist ta skladnyky fiskalnogo prostoru inkluzyvnoho rozvytku regioniv [The essence and components of the fiscal space of inclusive development of regions]. *Pidpryyemnytstvo ta innovatsiivni – Entrepreneurship and innovation*, 10, 166-171. (In Ukrainian). Retrieved from [https://www.researchgate.net/publication/340903406\\_SUTNIST\\_TA\\_SKLADNIKI\\_FISKALNOGO\\_PROSTORU\\_INKLUZIVNOGO\\_ROZVITKU\\_REGIONIV](https://www.researchgate.net/publication/340903406_SUTNIST_TA_SKLADNIKI_FISKALNOGO_PROSTORU_INKLUZIVNOGO_ROZVITKU_REGIONIV)
  21. Verkhovna Rada of Ukraine. (2010). *Podatkovyi kodeks Ukrainy vid 02.12.2010 No. 2755 VI* [Tax Code of Ukraine dated 02.12.2010 No. 2755 VI]. (In Ukrainian). Retrieved from <https://zakon.rada.gov.ua/laws/show/2755-17>
  22. Verkhovna Rada of Ukraine. (2018). *Pro vnesennia zmin do Podatkovooho kodeksu Ukrainy ta deiakykh inshykh zakonodavchykh aktiv Ukrainy shchodo pokrashchennia administruvannia ta perehliadu stavok okremykh podatktiv i zboriv*. Zakon Ukrainy vid 23.11.2018. 2628VIII [About making changes to the Tax Code of Ukraine and some other legislative acts of Ukraine for improvement of administration and revision of the rates of individual taxes and fees. Law of Ukraine dated November 23, 2018. 2628VIII]. (In Ukrainian). Retrieved from <https://zakon.rada.gov.ua/laws/show/2628-19>
  23. Verkhovna Rada of Ukraine. (2020). *Pro vnesennia zmin do Biudzhethnoho kodeksu Ukrainy*. Zakon Ukrainy vid 17.09.2020 No. 907-IX [On Amendments to the Budget Code of Ukraine. Law of Ukraine of September 17, 2020 No. 907-IX]. (In Ukrainian). Retrieved from <https://zakon.rada.gov.ua/laws/show/907-IX#Text>