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INSTRUMENTS FOR ENHANCING TAX DISCIPLINE IN THE CONTEXT OF EUROPEAN INTEGRATION: INTEGRATING REGULATORY AND BEHAVIORAL APPROACHES (EVIDENCE FROM THE EU AND UKRAINE)

ІНСТРУМЕНТИ ЗАБЕЗПЕЧЕННЯ ПОДАТКОВОЇ ДИСЦИПЛІНИ В УМОВАХ ЄВРОІНТЕГРАЦІЇ: ПОЄДНАННЯ НОРМАТИВНИХ І ПОВЕДІНКОВИХ ПІДХОДІВ (ДОСВІД ЄС ТА УКРАЇНИ)

Abstract. This article examines the instruments for ensuring tax discipline in the context of European integration, with particular emphasis on the interaction between regulatory (“hard”) and behavioural (“soft”) approaches. The study is based on a comprehensive analytical framework that combines economic, institutional, and behavioural perspectives on tax compliance. It explores the transformation of traditional deterrence-based models toward more integrated approaches that incorporate trust, tax morale, and service-oriented tax administration. The research highlights that while enforcement mechanisms remain essential for maintaining baseline compliance, their effectiveness is limited without complementary behavioural interventions. Drawing on the experience of the European Union, the paper demonstrates the growing importance of digitalization, risk-based management, and trust-based programs in enhancing voluntary tax compliance. A comparative analysis of EU and Ukrainian practices reveals that Ukraine is undergoing a transitional phase, characterized by the gradual adoption of service-oriented and behavioural tools. The findings support the conclusion that an effective system of tax discipline requires a balanced combination of “hard” and “soft” instruments. The study provides practical recommendations for improving tax administration in Ukraine, particularly in the context of wartime and post-war economic recovery.

Keywords: tax discipline, tax compliance, behavioural instruments, tax administration, tax morale, European integration, service-oriented model, risk-based approach, digitalization of the tax system, public finance.

Анотація. Вступ. У сучасних умовах трансформації публічних фінансів, посилення євроінтеграційних процесів та зростання вимог до ефективності податкових систем традиційні підходи до забезпечення податкової дисципліни, що ґрунтуються переважно на контрольних і санкційних механізмах, дедалі частіше виявляють обмежену результативність. Це актуалізує потребу у формуванні нових моделей податкового адміністрування, здатних забезпечити стійкий рівень добровільного податкового комплаєнсу. У цьому контексті поєднання нормативних («жорстких») і поведінкових («м'яких») інструментів розглядається як ключовий напрям підвищення ефективності податкової системи та зміцнення фінансової спроможності держави. **Метою статті** є обґрунтування ролі цих інструментів у забезпеченні податкової дисципліни в умовах євроінтеграції та визначення їх впливу на добровільний податковий комплаєнс і результативність податкового адміністрування. **Методи дослідження.** У процесі дослідження використано системний та інституційний підходи для аналізу податкової дисципліни як багатовимірного явища, порівняльний аналіз – для зіставлення практик ЄС та України, а також методи узагальнення, логічного та аналітичного аналізу для формування наукових висновків. **Результати.** У статті доведено, що податкова дисципліна формується під впливом нормативних, інституційних і поведінкових чинників, а застосування поведінкових інструментів, сервісної моделі адміністрування та цифрових рішень суттєво підвищує рівень добровільного податкового комплаєнсу. **Висновки.** Обґрунтовано, що ефективна модель податкового адміністрування передбачає інтеграцію «жорстких» і «м'яких» інструментів, що забезпечує довгострокову стійкість податкової дисципліни в умовах воєнного та післявоєнного розвитку економіки. Дослідження також містить практичні рекомендації щодо покращення податкового адміністрування в Україні.

Ключові слова: податкова дисципліна, податковий комплаєнс, поведінкові інструменти, податкове адміністрування, податкова моральність, євроінтеграція, сервісна модель, ризик-орієнтований підхід, цифровізація податкової системи, публічні фінанси.

Statement of the problem. In the context of ongoing transformations in public finance systems, ensuring tax discipline has become a key prerequisite for the stability of the budget system and the long-term economic sustainability of the state. For Ukraine, this issue is further complicated by the simultaneous impact of wartime challenges and the need to harmonize its tax system with the standards of the European Union. Under such conditions, traditional approaches based predominantly on control and sanction

mechanisms demonstrate limited effectiveness and require supplementation with instruments aimed at fostering voluntary tax compliance [2; 5].

Contemporary academic research indicates that the level of tax discipline is determined not only by the rigidity of regulatory frameworks but also by behavioral factors, including trust in government, tax morale, and the quality of interaction between taxpayers and tax authorities [8; 11]. In this regard, particular relevance is

attributed to the development of a balanced model of tax administration that integrates “hard” enforcement tools with “soft” service-oriented and behavioral approaches, which are widely applied in EU countries [6; 1].

The scientific problem lies in identifying an effective combination of these instruments, taking into account the specific features of the Ukrainian context and its European integration trajectory. The practical significance of the study consists in developing recommendations for improving tax administration, aimed at increasing voluntary tax compliance and strengthening the financial capacity of the state.

Analysis of recent research and publications. The issue of tax discipline and tax compliance constitutes an active field of scientific inquiry, combining economic, legal, and behavioral perspectives. Recent studies demonstrate a gradual shift from the traditional deterrence model – based on the trade-off between benefits and penalties – towards more comprehensive approaches that incorporate institutional and socio-psychological factors [9; 10].

The works of J. Alm and co-authors emphasize that tax compliance cannot be fully explained by rational choice alone, as trust in government and tax morale play a crucial role [8; 9]. Similar conclusions are supported by the studies of K. Gangl, E. Hofmann, and E. Kirchler, who demonstrate that the interaction between tax authorities and taxpayers significantly influences compliance behaviour [11]. These ideas are further developed within the “slippery slope” framework, where trust and enforcement are considered complementary determinants of tax discipline [15].

A significant contribution to this field has been made by international organizations. OECD reports highlight the necessity of combining enforcement instruments with behavioral approaches to enhance the effectiveness of tax administration [2; 12]. Additionally, OECD analytical materials emphasize the importance of compliance risk management and the digitalization of tax processes [1; 3].

World Bank studies reveal the substantial potential of behavioral insights as tools for improving voluntary tax compliance. In particular, the effectiveness of “nudge” interventions is emphasized, as they influence taxpayer behavior without increasing enforcement pressure [4; 5; 14]. These studies demonstrate that even minor adjustments in communication strategies or the design of tax procedures can significantly improve compliance outcomes.

European research focuses on the transformation of tax administrations towards a service-oriented model. Reports by the European Commission underline the importance of digitalization, taxpayer segmentation, and trust-based programs as key drivers of improved tax discipline [6; 7; 13]. These approaches contribute to the development of cooperative relationships between the state and taxpayers.

Special attention is also given to institutional aspects of compliance, particularly the development of cooperative compliance models and improvements in tax control systems [12]. In this context, the importance of a differentiated approach to taxpayers based on risk levels is emphasized [1].

Thus, contemporary academic literature confirms that an effective system of ensuring tax discipline must be based on the integration of “hard” and “soft” instruments. At the

same time, the issue of adapting these approaches to the Ukrainian context – considering wartime conditions and the European integration process – remains insufficiently explored and requires further scientific investigation.

The purpose of this article is to provide a theoretical substantiation and applied analysis of the instruments for ensuring tax discipline in the context of European integration, with a particular focus on the combination of regulatory and behavioral approaches. The study aims to identify effective mechanisms for enhancing voluntary tax compliance, to generalize EU practices, and to develop recommendations for their adaptation to Ukrainian conditions in both wartime and post-war periods.

Research methods. The methodological framework of the study is based on an interdisciplinary synthesis of economic theory, legal doctrine, and behavioural sciences, which allows tax discipline to be considered as a multidimensional phenomenon of public finance. A systemic and institutional approach is employed to analyse the interaction between “hard” and “soft” instruments, while the comparative method is used to examine Ukrainian and European practices. The empirical basis relies on qualitative content analysis of regulatory legal acts and analytical reports of international organizations, supplemented by elements of quantitative analysis of tax compliance indicators and taxpayers’ behavioural responses.

Presentation of the main research material. In the contemporary scientific paradigm, tax discipline is interpreted as an integral characteristic of the functioning of the fiscal system, reflecting not only the level of compliance with formal regulatory requirements but also the deeper institutional and behavioural mechanisms underlying the interaction between the state and taxpayers. In this context, there is a shift from a narrow economic interpretation of compliance towards its broader understanding as a socio-economic phenomenon.

As demonstrated in the studies of J. Alm, the traditional “economic deterrence” model fails to explain the high level of voluntary tax compliance observed in many countries, which highlights the importance of intangible factors such as trust and tax morale [8]. A similar perspective is developed by G. Lisi and other scholars, who emphasize that tax behavior is shaped by the interaction between formal and informal institutions [10].

In this regard, the “slippery slope” framework provides an analytical basis for interpreting tax discipline as the outcome of a balance between the coercive power of the state and the level of trust in it [15]. This approach is methodologically significant, as it enables a transition from a one-dimensional to a multidimensional analysis of tax compliance.

The system of “hard” instruments has historically served as the fundamental mechanism for ensuring tax discipline. Its functioning is based on the principle of the inevitability of punishment, which generates a deterrent effect.

According to OECD findings, the effectiveness of sanctions depends less on their severity and more on the probability of their enforcement and the level of trust in the tax system [1; 2]. At the same time, excessive reliance on fiscal control may lead to adverse outcomes, including increased resistance and the search for tax evasion strategies [12].

Table 1

Comparative Characteristics of “Hard” Instruments of Tax Discipline

Instrument	Economic Function	Advantages	Limitations
Penalties and fines	Financial deterrence	Immediate effect	May encourage tax evasion
Tax audits	Control and detection of violations	Improves discipline	High administrative costs
Criminal liability	Deterrence of major violations	Strong deterrent effect	Risk of abuse
Forced collection	Ensuring revenue inflows	Guarantees budget revenues	Negative impact on business

Source: compiled according to [1; 2; 12]

The instruments presented demonstrate high effectiveness in the short term; however, their application is associated with significant transaction costs and a potential decline in trust. This confirms the proposition that “hard” instruments serve as a necessary but insufficient condition for ensuring tax discipline. They establish the basic institutional framework, yet are not capable of independently securing a sustainable level of voluntary tax compliance.

Recent studies by the World Bank indicate that behavioural interventions can generate substantial effects at relatively low cost [4; 5]. Their effectiveness stems from the fact that they influence not formal incentives, but rather the cognitive processes underlying decision-making.

As noted in the literature, the use of social norms, personalized messages, and simplified procedures can significantly increase the level of voluntary tax compliance [14]. Importantly, such instruments do not provoke resistance among taxpayers, as they do not restrict their freedom of choice.

Behavioural instruments have a systemic nature, as they influence different stages of the tax process – from decision-making to its actual implementation. Their application enables the transformation of the interaction between the state and taxpayers from a conflict-based model to a partnership-oriented one. This corresponds to the modern paradigm of “tax administration as a service.”

In EU countries, a transition toward a service-oriented model can be observed, combining enforcement with taxpayer support. According to the European Commission, key drivers of effectiveness include digitalization, taxpayer segmentation, and the development of trust-based programs [6; 7; 13].

The OECD emphasizes that a risk-based approach allows for the optimization of resource allocation and enhances the overall efficiency of tax administration [3].

A comparative analysis of tax administration models in the EU and Ukraine indicates the existence of significant differences not only in terms of instruments but also at the level of the institutional logic underlying the functioning of tax systems. The European model is characterized by a high degree of institutional maturity, manifested in the systematic implementation of a risk-based approach, the integration of digital solutions, and the active use of behavioural instruments as an integral component of tax policy. Within this framework, the state acts not only as a regulatory authority but also as a partner, contributing to the reduction of information asymmetry and transaction costs for taxpayers.

In contrast, the Ukrainian model is currently in a phase of transformation, shaped both by the historical dominance of a control-oriented fiscal approach and by the influence of exogenous factors, particularly wartime conditions. A key feature of this model is the fragmented implementation of service-oriented and behavioural instruments, which limits their systemic impact and prevents the full realization of voluntary compliance potential. At the same time, the emergence of initiatives such as the digitalization of tax services and the development of trust-based mechanisms indicates the gradual formation of a new paradigm of tax administration.

From the perspective of institutional economics, this transformation reflects a shift from an extractive model, focused on coercive revenue collection, to an inclusive model based on trust, predictability, and mutual benefit. In behavioural terms, this implies a transition from reactive tax behaviour – driven by sanctions – to proactive behavior grounded in intrinsic motivation.

Table 2

Classification of Behavioural Instruments of Tax Compliance

Type of Instrument	Mechanism of Influence	Expected Effect
Informational nudges	Simplification of information	Reduction of errors
Social nudges	Social norms	Increased trust
Reminders	Attention activation	Improved timeliness
Default options	Automation	Reduction of barriers

Source: compiled according to [4; 5; 14]

Table 3

Comparative Characteristics of Tax Administration Models

Criterion	EU	Ukraine
Model	Service-oriented	Transformational
Role of behavioural instruments	High	Increasing
Digitalization	Systemic	Partial
Risk-based approach	Advanced	Developing

Source: compiled according to [3; 6; 7; 13]

Thus, the results of the analysis confirm that the key challenge for Ukraine lies not merely in adopting individual instruments but in constructing a coherent institutional model that ensures the synergy of “hard” and “soft” mechanisms and enhances the long-term effectiveness of the tax system.

The conducted analysis makes it possible to formulate several generalizations of both theoretical and practical significance. First, tax discipline emerges as the result of the interaction among three groups of factors: regulatory, institutional, and behavioural. Neglecting any of these dimensions leads to a decline in system effectiveness. Second, “hard” instruments provide a fundamental level of control; however, their excessive use may produce counterproductive effects. Third, “soft” instruments contribute to the formation of long-term motivation for voluntary compliance and strengthen trust in public institutions. Fourth, the most effective model is a hybrid one that combines enforcement with a service-oriented approach, as confirmed by OECD and World Bank studies [2; 4].

Conclusions. The findings of this study demonstrate that tax discipline is a complex, multidimensional phenomenon shaped by the interaction of regulatory, institutional, and behavioural factors. It has been established that a traditional compliance model based predominantly on “hard” enforcement instruments cannot ensure a sustainable long-term effect without integrating “soft” mechanisms aimed at enhancing trust, tax morale, and the ease of fulfilling tax obligations.

The analysis of contemporary scientific approaches and international practices confirms that the most effective model of tax administration is a hybrid one,

combining enforcement measures with behavioural interventions, service orientation, and digital solutions. Such an approach not only reduces tax evasion but also fosters a long-term culture of voluntary compliance.

The comparative analysis shows that EU countries have achieved substantial progress in implementing a service-oriented model of tax administration based on trust, partnership, and risk-based management. At the same time, Ukraine remains in a transitional phase, which necessitates the adaptation of European practices to national conditions, institutional constraints, and the realities of wartime and post-war development.

It is substantiated that improving tax discipline in Ukraine requires the formation of a coherent institutional model ensuring the synergy of “hard” and “soft” instruments. Particular importance should be given to the development of digital services, the implementation of behavioural approaches in tax administration, and the creation of incentives for voluntary compliance through trust-based and partnership-oriented interaction between the state and taxpayers.

Future research should focus on a deeper analysis of the effectiveness of specific behavioural instruments in taxation, particularly in the context of wartime and post-war economies. A promising direction involves the development of empirical models for assessing the impact of both “hard” and “soft” instruments on tax compliance dynamics using quantitative methods. Further scholarly attention is also required for the institutional design of a service-oriented tax administration model and for adapting European practices to the specific features of the Ukrainian tax system.

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