Sustainable taxation strategy for economic recovery

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Abstract

Purpose: This research intends to determine the possible effects of alternative growth strategies which including changing tax structures and increasing capital flow to economic movements in order to speed up economic recovery and ensure long-term growth and sustainable development of the state economy.

Methodology: The study examines the most recent information on the impact of the tax structure on economic growth, determining which adjustments to the growth-enhancing tax system can help the economy recover faster by safeguarding low-income people. The paper examines the efficacy of short-term measures in several European nations during the crisis, as well as prospective mechanisms for long-term tax policymaking to minimize the crisis' effects on future sustainable development.

Results: The study's conclusion is that the country's recovery from the COVID-19 crisis is dependent on the government's response, the speed with which solutions are developed, and all economic participants in the economic circle.

Originality: The tax system as a whole must be assessed, not its elements. It is therefore necessary to find a balanced, neutral approach between economic growth, social issues, and environmental impact in order to achieve sustainable development. Such a balanced, neutral approach could be a reduction in labor taxes and consumption taxes for households, offset by an increase in wealth and solidarity payments.

Keywords: Tax; Tax Strategy; COVID-19; Economic Recovery.

1. Introduction

The world economy since 2020 is in an unprecedented situation from the pandemic caused by COVID-19 which has negative consequences for the economy. At this stage, the country's strategy and governments response to the crisis are the most important aspect, not just the ability of individual companies to react. It is essential to develop a strategy, including on tax policy matters, to encourage the exit of the economy from the crisis while at the same time laying the foundations for sustainable economic growth.

It is clear that this crisis will lead to many significant changes. Changes and restructuring will be needed in a number of sectors, otherwise they will not suffer this crisis. Speed, ability to think on a new scale and automation will be the key key to the new business era, and those able to adapt will be the main winners (World Economic Forum, 2020). At this stage, however, not only is the ability of the company to react, but also the state plan and its response to the crisis. Without rapid and effective state aid, introduced in all economies of the world, the decline in economic performance would have been significantly higher.

According to the OECD (2020), the COVID-19 pandemic has caused the worst recession in the world economy in almost a century. Last year, the OECD projected GDP growth in 2020 and beyond, but today the situation is very different. The road to economic recovery is very unclear and vulnerable to another wave of infection. Two scenarios are possible: one, the other a wave of Covid-19 hits with renewed locks, and global GDP will shrink by 7.6% in 2020; the second is that the second wave is being averted and world GDP is falling by 6% this year. In both scenarios, recovery will be slow, and the crisis will leave lasting scars.

The decline in economic activity and travel restrictions not only affect production and services, but also employment. The International Labour Organisation estimates that global unemployment will rise from 3% to 13% and underemployment is expected to grow to a large extent.

Several economists, including Bacer, Bloom, Davis & Terry (2020) have acknowledged that the COVID-19 pandemic has created a huge shock of uncertainty - larger than that associated with the financial crisis 2008 increase in uncertainty during the Great Depression in 1929-1933.

At this stage, the country's strategy and governments response to the crisis are the most important aspect, not just the ability of individual companies to react. It is essential to develop a strategy, including on tax policy matters, to encourage the exit of the economy from the crisis while at the same time laying the foundations for sustainable economic growth.

The aim of this research is to identify the potential effects of alternatives to growth through changes in tax structures and by promoting cash flow to economic movements, to develop practical recommendations for specific tax policy measures that would contribute to the economic recovery from the COVID-19 crisis.

The goal of this publication is to determine how the tax strategy can impact the country's post-crisis recovery and to develop recommendations for a tax strategy for economic recovery following the COVID-19 situation.

Within the scope of this research the authors used the analysis of information, including that in scientific literature and foreign expertise, as well as statistical data analysis. The analysis uses the latest evidence of the impact of the tax structure on economic growth, assessing which changes to the growth-enhancing tax structure can contribute to a faster recovery by protecting those with low incomes.

2. Literature Review

The impact of tax policy on the country's economic growth is a topic that world economists have been debating for centuries at both theoretical and empirical levels. In economic literature, views are very opposed, both on the positive and negative effects of tax policy on the country's economic growth. No one doubts, however, that tax policy, particularly its ability to react in times of crisis, is the most important instrument of national fiscal policy, can strike a balance between the need for public revenues to finance public functions by providing social, economic and security programmes, and on the other hand contribute to innovation, productivity and inclusive economic stability in the crisis circumstances and economic growth.

Today, the countries of the world are facing a sudden and rapid economic downturn, which, unlike previous global economic crises, is not the result of economic factors, but of a global pandemic caused by a virus. Global or local economic crises only increase economists' interest in economic growth, creating a number of economic growth models (Steager 2007). There is also a growing tendency to look at economic growth in the context of its impact on citizens and their well-being (Krutilla, Reuveny 2002).

Many economists mention the need to develop a broad plan for socio-economic development, including sectoral plans, as well as the creation of an ecosystem that promotes entrepreneurship so that those with sustainable and sustainable business models can continue to operate and develop (Nicola, Alsafi, Sohrabi, Kerwan, Al-Jabir, Iosifidis, Agha & Agha 2020).

Any economic crisis requires government leaders to anticipate and make continuous changes, so strategic planning is important. The crisis of the COVID-19 pandemic and the reactions of countries to it show how valuable a strategic attitude is (Correia, Pereira, Mendes&Subtil, 2022). Economist Carnon points out that the COVID-19 pandemic may be the necessary turning point, as a catalyst for society, to understand that people have a need and a desire to show solidarity to overcome this crisis. It is recognized that the COVID-19 income tax fee could be one of the tools through which governments can ignite a catalyst in support of a comprehensive joint response to this overarching event.

This is in line with the findings of other scientists (Landais, Saez & Zucman, 2020) that, unlike other measures, the introduction of the wealth tax is unlikely to hurt growth. The introduction of a wealth tax in European countries, which would affect large income earners of around 1% of total income, could generate significant tax revenues.

There are also economists (Laffitte, Martin, Parenti, Souillard & Toubal, 2020) who recommend setting a minimum tax on the profits of multinational companies to reduce fiscal competition in all countries by reducing incentives of low- or no-tax jurisdictions. It is argued that in general, corporate taxes will not only reflect the contribution of companies to tax revenues where real economic activity takes place but will also help legitimate future rescue plans.

Mostly because the limited wealth tax works as a capital fee at the same time: You taxed the previous build-up, but the return on current investment and innovation is not affected. It is worth bearing in mind that such tax rates (1% above €2 million, 2% above €8 million, 3% above €1 billion) are neither large nor unprecedented. They are in line with the rates applied by many European countries, which have had wealth taxes so far, such as France, Germany, Denmark, and Sweden (Landais, Saez & Zucman, 2020), as well as recent US federal tax proposals.

Promoting economic growth must reduce the country's unemployment rate. One of the ways to reduce unemployment in the country is to start new companies that would offer new jobs. Small businesses are growing faster than large ones. Both in the macroeconomy and in the country as a whole, the presence of small enterprises has a positive effect on economic indicators or, more specifically, the unemployment rate.

Evidence has been provided to support the claim that new and small companies outperform older and larger companies in terms of job supply, also considering that small and new companies have much higher bankruptcies than older and larger companies. The Granger causality test shows that self-employment reduces unemployment. This means that the small business sector, and therefore self-employment, is important in today's economy, creating economic growth and employment. Start-ups and small businesses are among the tools for business prosperity (Farmer, 2010). Respectively, if public policy provides tools that will improve and promote entrepreneurship, then the unemployment rate in the country will tend to decline.

To respond to the pandemic caused by COVID-19, countries choose different types of support, such as temporary reductions in value added tax, benefits for families with children, the possibility to defer social security contributions, state subsidies to reduce electricity prices for consumers (Anderson & Midões, 2020). There are authors (Danielli, Patria, Donnelly, Ashrafian & Darzi, 2020) who also recommend other types of state support, namely: deferral of taxes, suspension/postponement on payments, exemption of social security contributions by impacted firms.

Many countries pay a large portion of employees' salaries, as well as offer companies tax deferrals or government-granted credit lines. These budgetary measures are important, but as a result, large companies that have pursued aggressive tax planning strategies in recent years will also receive financial assistance and possibly even be rescued. Economists acknowledge (Laffitte, Martin, Parenti, Souillard, & Toubal, 2020) that such uncertainty raises legitimate concerns about the social acceptability of this rescue plan.

Fears of financial collapse should lead countries to put in place aid measures. Medium- and long-term planning is needed to restore balance and the economy after the crisis. A comprehensive socio-economic development plan is needed, including sectoral plans and an ecosystem that also encourages entrepreneurship, so that those with resilience and sustainable business models can continue to operate and develop (Nicola, Alsafi, Sohrabi, Kerwan, Al-Jabir, Iosifidis, Agha & Agha, 2020).

General analysis

Today, the countries of the world are so closely connected and integrated that the impact of COVID-19 goes far beyond simply increasing mortality worldwide. It can be said unequivocally that the pandemic will affect all sectors, but not all the consequences of COVID-19 will be felt at the same level. Some industries may even benefit financially (such as disinfectants, masks or even toilet paper manufacturers and traders), while others will suffer disproportionately.

The spread of the virus has disrupted the international supply chain, first with China and then in most countries and regions. Companies were forced to suspend or reduce operations due to authorized closures, both due to mandatory lockdowns and widespread illness, and companies were also unable to provide safety and health conditions for their employees. Many companies began to face liquidity constraints, and some lost the ability to continue paying employees' salaries. Despite unprecedented government intervention, uncertainty about the virus, and in many cases declining household disposable income, has led people and businesses to reduce investment and consumption and save more.

It is not possible at this stage to predict how long the global pandemic will last. It is important to understand which sectors are most affected by COVID-19 and how they have been affected to be able to develop a better tax plan for countries to recover from this crisis.

At the beginning of 2020, it was believed that the COVID-19 pandemic would be localized only in China, but the disease spread throughout the world, which can be explained by human movements. Following the spread of the disease around the world, people were asked to stay at home (travel ban), thus affecting several economic sectors: the aviation industry, the sports industry, and the entertainment industry.

The COVID-19 outbreak has forced many governments to impose restrictions on non-essential travel to countries affected by COVID-19 by suspending tourist travel, work visas and immigrant visas indefinitely. In some countries, a total travel ban was imposed, closing all national airports. The overall loss to the aviation industry is projected to be huge (Ozili & Arun, 2020).

Oil, gas, and coal companies have been particularly hard hit since the COVID-19 outbreak (particularly 50% below year-on-year prices), largely due to falling oil prices and falling global consumption. As expected, travel and leisure (including hotels, restaurants, etc.), airspace, mining, banking, and the media are examples of industries that have shrunk by more than 30%. Falling stock prices have left no industry unharmed (Fernandes, 2020).

There was a significant shortfall in oil revenues for oil-dependent countries due to falling global oil prices and declining international demand for petroleum products. As a result, the current account deficit widened and the balance of payments situation of many oil-dependent countries, such as Venezuela, deteriorated. In countries such as Kenya, Nigeria and South Africa, the price of petrol at local service stations has fallen, which has also had an impact on national budgets. Adjustments were made to the budgets of these countries, as before the COVID_19 crisis the budget was drawn up in the light of higher oil prices. This situation created a huge budget deficit, to reduce it was sought foreign loan from the IMF, the World Bank, and other lenders.

The restaurant business was affected during the pandemic, mainly due to the government's announced "stay at home policy" and "social distancing", as well as travel restrictions imposed in most European countries such as Spain, Italy, Latvia, etc. Billions of dollars in hotel reservations were canceled worldwide. as well as the hotel industry asked for $ 150 billion in support. Reductions in hotel occupancy during the pandemic led to redundancies in several hotels in the United States, the United Kingdom, and some parts of Europe, resulting in the loss of 24.3 million jobs worldwide and 3.9 million in the United States. The hotel and restaurant industry is currently being hit harder than during the 2008 crisis.

The COVID-19 outbreak has shaken economies around the world, and we are certainly only at the beginning of understanding the full impact at both household and national level. An analysis by Figari and Fioro has shown the importance of the income of other household members in determining the economic viability of people affected by shutdown (Figari & Fiorio, 2020). We anticipate a large amount of further work examining the impact of COVID-19 using household transaction data.

Every day we hear alarming reports that more and more companies are closing, revising estimates, or announcing redundancies. This has led to a sharp rise in unemployment even in large economies. Even the United States is not lagging and is also experiencing the impact of COVID-19 on unemployment. According to OECD (2020) data, the US unemployment rate in February 2020 reached its lowest level in 67 years at 3.5%. However, already in April 2020, the unemployment rate in the United States reached 14.7%, which is significantly higher than during the previous economic crisis, when in October 2009 it reached 10%.

COVID-19 also affects consumers, as consumers' consumption patterns have changed, leading to a shortage of goods in supermarkets around the world. Global financial markets are in sharp decline and their volatility is similar to or even higher than in the financial crisis of 2008/2009 (Fernandes, 2020).

As in the global crisis of 2008-2009, the COVID-19 crisis is linked to the postponement of consumer and business spending worldwide. Thus, it can be concluded that the whole world is currently on standby (Takes, 2020). Under the influence of COVID-19, the reaction of consumers and businesses could lead to a sharp economic downturn. Governments are being forced to reduce the impact of people who spend less to reduce the impact on business, especially small businesses.

At the forefront are questions about how households behaved, reorganizing spending, moving from retail to online retailers, and using liquidity and credit. In addition, the ability to monitor household-level income and its sources of income can be fruitful in analyzing how households that have experienced sudden unemployment are able to replace new types of work and new employers. For example, unemployed retail workers could quickly find work in industries with recently increased demand, such as home delivery services (Baker, Farrokhnia, Meyer, Pagel & Yannelis, 2020).

Overall, the evidence suggests that the COVID-19 pandemic has exacerbated existing inequalities and highlighted other inequalities that were perhaps less worrying before the pandemic. Without a thoughtful policy response, the world could see inequalities worsen after COVID. However, there are opportunities – this could be a significant change in attitudes (Blundell, Costa Dias, Joyce & Xu, 2020).

In the crisis caused by COVID-19 the challenges are the same throughout the countries of the world: to protect the health and safety of the population and to reduce the impact on the workforce and the economy. Governments need to work together to exchange best practices and help maintain the region's resilience in the face of this unprecedented challenge. Governments need to respond quickly to provide their citizens and businesses with the resources to mitigate the consequences. As a minimum, these are three simultaneous measures are tax policy, fiscal stimulus, and international aid.

Governments around the world have taken initial fiscal stimulus measures on taxes, loans and liquidity relief in response to the pandemic – defferal of tax liabilities, extension of deadlines and relaxations of sanctions for late tax payment, indirect tax measures to support key sectors of the economy, measures to support food, hospitality and travel businesses, measures to protect employment such as reductions of payroll tax and relaxations on the requirements for employee withholdingd taxes (Choudhury, Witt, 2020).

Governments now need to think strategically about how to support local businesses, especially SMEs, in both the short and long term. In addition to initial responses, national governments should consider how to act quickly to ensure that supply chains remain open and prioritize spending that boosts jobs and cash flow. For example, in February 2020, Chinese government issued a series of preferential tax policies in relevant areas and industries. Stimulated by both market demand and temporary tax policies, the producyion cost of products have been reduced, wich made many enterprises attempt to expand their production capacity (Fan, Yang and Jia, 2020).

One of the most effective ways in which countries can recover from the negative effects of COVID-19 and improve their economic situation is to develop effective tax policies. Tax policy is one of the government's tools that can either improve or worsen the state. The second tool is the right choice and implementation of fiscal policy. The more effective the government's solutions, the faster and more successful the economic recovery.

Fiscal policy can be implemented by the government in two ways: by stimulating policy or by restricting policy. Incentive fiscal policies promote investment, employment, and production, as opposed to restrictive policies, which means that stimulative fiscal policies are needed to ensure employment promotion that can be achieved through tax cuts.

Tax policy is an important part of the government's response to the economic downturn caused by the pandemic. Although there is room for improvement, many of the measures taken so far have provided the necessary relief for businesses and individuals. The economy is likely to need additional taxation relief. If legislators decide to provide more tax relief, they must be targeted (Pomerleau, 2020).

Meanwhile, legislators should avoid arbitrarily restricting tax rules and raising taxes, especially if the economy remains weak. Legislators should also bear in mind that, while tax policy may provide temporary relief, its effectiveness in the current situation is limited. After all, as pointed out by Pomerleau (2020), the most effective way to normalize the economy is to achieve virus control.

Many economists point out that in times of crisis, governments should develop long-term strategies: Managing authorities at all levels must ensure the development of an investor-friendly environment, including a strong local supply chain, combined with a strong, dynamic, and sustainable development plan for inclusive economic diversification, which is an important prerequisite for a sustainable post-crisis future (Aro-Gordon, Hussein, Banu, Siyabi, Daraai, 2021). And tax policy changes are a good instument in how to balance the potential impact of the crisis, not only in the short term, but also in preparation for potential crises in the future. In order to support a faster recovery in the post-crisis period, tax policy must be effective and predictable (Acheampong, Duho, 2021).

3. Methodology

The economic circle that shows the circular flow of income best shows the role of the individuals, households, as well as businesses and government in the flow of money, goods, and services. In the economic circle, each one depends on one another (Miranda & Fackler, 2004). In the model of the economic cycle (see Figure 1) it is possible to see different relationships and mutual returns.

First, the relationship between households (individuals) and enterprises: households provide enterprises with labor and make payments for goods and services offered by enterprises to meet the unlimited needs and desires of households. At the same time companies provide remuneration (salary) for their work, as well as ensure that the necessary goods and services are available.

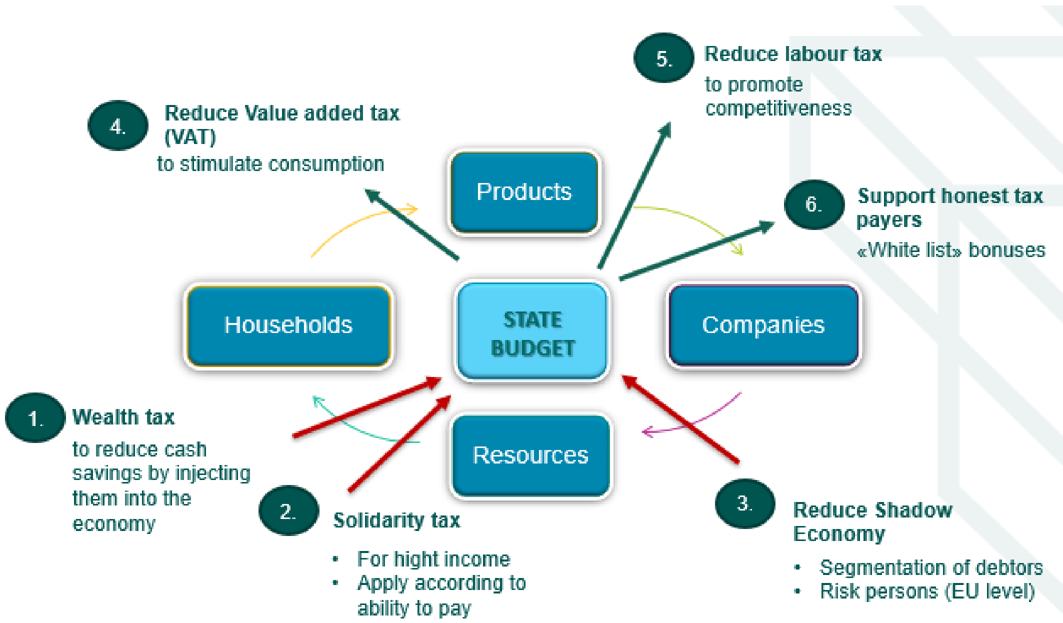
Secondly, the relationship between enterprises and households (individuals) and the state, i.e., both enterprises and households receive support from the state for the taxes paid. This support is reflected in the fact that the state spends the taxes paid on public services, such as defense, education, and health care, as well as social support for the population, such as unemployment benefits, etc.

The examples of the crisis caused by Covid-19 illustrate very clearly the functioning of the economic circle. One example of the impact of COVID-19 on this economic life cycle: State has announced restrictions that affect companies that cannot normally conduct their business accordingly, which will reduce their profits, that reduce household revenues, and that in turn leads to reduce their consumption of goods and services. This example vividly reflects the circle of economic circulation and the fact that everyone in the economic circle is closely connected to one another and, if the chain breaks down, all economic operators suffer.

It is essential that links with foreign economies arise at a time when households purchase goods from abroad and companies sell their services or goods abroad. Government intervention in the form of support, which stems from investment, government spending and export sales, also has a significant impact and flows into the economy, increasing demand for domestically produced goods and services. Contrary to this concept, reductions occur when the demand for domestically produced goods and services is reduced due to a lack of money because money is diverted or lost in savings, taxes, or imports. As long as the reductions are equal to the aid, the circular flow of income (the economic cycle) continues indefinitely. This is known as economic balance. The reduction is the sum of savings, taxes, and imports, while the aid is the sum of investment, government expenditure and exports.

It is necessary to emphasize that national income may increase and decrease depending on the state of economic balance in the country (Miranda & Fackler, 2004). As the economy is dynamic, the above relationship can lead to two situations: 1. If the reduction is greater than the aid, the levels of income, production, expenditure, and employment will fall, leading to a decline in general economic activity; 2. If the reduction is less than the aid, the levels of income, production, expenditure, and employment will increase, leading to a boom in economic activity.

Figure 1. Incentives to facilitate the economic movement



(Created by authors)

In the flow of the economic circle, taxes can perform two functions: fiscal (money for the State is generated from companies and individuals) and regulatory (State has the possibility to intervene either in economic circles or to reallocate funds). It is important to note that for taxes to be able to fulfill their regulatory function, state intervention is required. In turn, the fiscal function is fulfilled in a situation where the circle is able to generate income for both households and companies without state intervention. However, the regulatory function allows the state to intervene either in the processes of the economic circle or to redistribute funds. This means that the state can regulate which of the stages of the cycle to receive more or less money that is attributable to the above-mentioned relations, such as the provision of unemployment benefits or increased taxes.

The size of the economic circle is linked to two economic indicators: the demographic situation in the country and economic growth. If the circle increases, then tax revenues should rise. When planning a tax strategy for the state, it would be necessary to consider whether it is possible and how to increase the tax base without increasing the tax burden, for example, to increase the national minimum wage.

4. Results and Discussion

In order for the economy to recover and to generate tax revenues, incentives are needed to facilitate the economic movement. In addition to government measures in the form of subsidies, downtime allowances or other support, it is necessary to assess possible changes in tax policy. Most effective tax measures are those that can help businesses to improve their cash flow and stay in business (Choudhury, Witt, 2020).

At this stage of the crisis caused by COVID-19 the first is to encourage cash inflows into the economy that can be achieved through reduced consumption and labour taxes at the same time also supporting honest taxpayers in the form of a variety of bonuses, such as deferring tax or special discounts. At the same time, it is necessary to offset the decline in state revenues by introducing wealth tax or adequate taxation and solidarity payments by applying the “ability to pay” principle to high-income earners. Karnon (2020) pointed out, that this period, as long as the pandemic continues to spread, provides an opportunity for governments to reduce social divisions that appear to have been growing in recent years.

As possible measures could be the following (see Figure 1):

1. Channeling cash to the economy by introducing wealth tax or adequate taxation;
2. Introducing solidarity payments by applying the “ability to pay” principle to high-income earners;

3. Reducing tax evasion by segmenting both tax debtors and taxpayers by introducing a single register of risk persons (jurušs, šmite-roķe, zēna-zēmane, celmiņa & pole, 2020);
4. Reduction of consumption taxes (vat) to stimulate household consumption and the purchase of goods and services;
5. Reduction of labor taxes to promote competitiveness and wage growth for low-income earners;
6. Support for decent taxpayers in the form of a variety of bonuses, such as deferring tax or special discounts.

The tax measures currently taken in many countries are valuable and necessary to mitigate the sharp negative effects of the COVID-19 crisis on national economies. However, for the country to be able to recover from the crisis and to the economy and promote long-term growth, governments need to develop effective tax strategies, including not only short- and medium-term but also long-term measures. It should be borne in mind that government aid measures in terms of taxation are necessary for both companies and individuals.

To introduce short-term measures, the governments of developed countries have been able to raise funding under the government budget without adversely affecting inflation or capital costs. The situation is more nuanced and unpredictable for those countries whose internal financial markets are weak or whose economies were in the recession phase before the crisis. However, in the wake of the crisis, all countries must develop strategies to attract additional financing to stimulate the economy, both in the form of foreign financing and changes in tax policy.

The government’s action strategy can be divided into three steps. Firstly, there are immediate measures to be taken to increase funding for the functioning of the healthcare system. Secondly, tax policy changes should be made to mitigate the socio-economic impact of the crisis on consumption (reduction of VAT) and employment (reduction of labour tax), while promoting social solidarity (by introducing wealth or solidarity tax). Thirdly, support programmes need to be put in place for renewal of growth (deferral of tax payments combined with government loans, guarantees and grants).

When designing support programs, the government should consider the following:

1. Choose a targeted approach and apply aid measures only to those sectors and firms most affected by COVID-19, and which are relatively most affected by cash flow problems during this period. Therefore, it is necessary to consider how best to provide

clear criteria and requirements to reduce burden and stress for both taxpayers and tax administrations.

2. Consider the consequences that taxpayers might have from tax administration activities. For example, deferral decisions may affect repayment, depending on the national system. As a result, taxpayers may see their cash-flow problems increasing rather than being reduced, in cases where there has been too much withholding tax or more upfront payments than final liabilities, and therefore due to repayment.
3. Assessing the duration of aid measures – on the one hand, short-term measures may not provide the degree of certainty that some taxpayers would like to see in terms of cash flow, considering the views on the duration or severity of the crisis. However, longer-term measures can create problems in the future, making it difficult for taxpayers to return to normal conditions if, for example, debt levels are unsustainable or deferred payments later cause serious cash flow problems (potentially causing system-wide business liquidity problems after the crisis).

5. Conclusion and Future Research

The outbreak of the COVID-19 is severely disrupting the global economy, it creates many serious challenges at national, regional and global levels. Changes and restructuring will be needed in a number of sectors, otherwise they will not suffer this crisis. Not only is the ability of the company to react, but also the state plan and its response to the crisis. The country's recovery following the COVID-19 crisis depends on the government's response, the speed of setting up strategies, and on all actors in the economic circle.

This research identified the potential effects of alternatives to growth through changes in tax structures and by promoting cash flow to economic movements, by introducing wealth tax or adequate taxation and solidarity payments by applying the “ability to pay” principle to high-income earners. In the long term it should be considered how to reduce existing inequalities and how to rise tax compliance.

To boost consumption and to ease cash-flow problems, the authors offer reduction of VAT, which has an immediate effect on prices. To keep employment at a sufficiently high level, it is important to reduce labor tax and giving support to small and medium enterprises as well as self-employment, who play a major role in reducing unemployment.

For renewal of economic growth support programmes need to be put in place as urgent state aid to entrepreneurs in the form of various bonuses, such as deferral of tax payments combined with government loans, guarantees and grants.

The most fundamental role is the strategic approach in shaping national measures to exit the crisis. Authors offer practical recommendations for specific tax policy measures that would contribute to the economic recovery from the COVID-19 crisis.

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