

ISCKMC 2020**International Scientific Congress «KNOWLEDGE, MAN AND CIVILIZATION»****FACTORS AND CONDITIONS CONTRIBUTING TO TAX
CHANGES**

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Abstract

The article covers tax changes in the taxation system. Russian practice regularly undergoes certain changes in tax legislation. The taxes can undergo changes in three main options: revision of rates; revaluation of the tax base; cancellation or introduction of new taxes. There are other influencing methods and ways of changing tax burden, but they are less important and sensitive for taxpayers in a certain period. Every stage of developing economic and fiscal relations has many factors and conditions that cause tax changes. In this context, economic and financial sustainability creates opportunities for stability while respecting tax norms (rates) and withdrawal of tax revenues to budgets. The article justifies the necessity to analyze in detail and comprehensively the dynamics of observed real trends, to consider the regularities of emerging income of individuals and legal entities before introducing tax changes. This is fundamental to the tax system, tax planning and tax changes. It is necessary to state that tax changes often occur without projections and predicted reasons, which requires such knowledge of forecasting that would determine the types and expectations from certain decisions long before changes. Tax plans and decisions need to balance with economic and budgetary projections and plans. The assessment of tax changes essentially involves their coordination with transformations in the economy, the level of its profitability, and its target-oriented development. From this perspective, corrective changes are acceptable and even necessary.

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Keywords: Taxes, tax legislation, tax system, tax burden



1. Introduction

Russian practice regularly undergoes certain changes in tax legislation. These changes are also expected in accordance with Federal Law No. 102-FZ of 1 April 2020 (Federal Law, 2020). Thus, the Tax Code will include a new article that provides the procedure for determining the tax base for personal income tax when receiving interest income on deposits (account balances) in banks located in Russia. New rules stipulate taxation of interest income on deposits or accounts with Russian banks at a rate of 13 %. At the same time, the tax will take not the entire amount of interest income, but only the part that will exceed the tax-exempt minimum, i.e., the product of RUB 1 million and the key rate of the Bank of Russia on the first day of the tax period.

2. Problem Statement

Of course, the taxation of interest on deposits also exists in other countries of the world. Because bank interest is the same income as the income from securities which is taxable. There is only a question of timeliness to introduce various changes in tax legislation.

3. Research Questions

The taxes, as known, can undergo changes in three main options: revision of rates; revaluation of the tax base; cancellation or introduction of new taxes. There are other influencing methods and ways of changing tax burden, but they are less important and sensitive for taxpayers in a certain period. In particular, there can be an impairment of the rouble (this monetary unit is a computational unit for measuring economic, financial and credit indicators) contributing to the growth or reduction of inflation. In turn, the inflation affects the financial system of the state (it is also based on the monetary system) and begins to impact, positively or negatively, the tax system, on the impact of specific taxes.

The Ministry of Economic Development of Russia predicted that inflation is expected to decline to 3.8 % in 2020, approaching 3.5 % at the beginning of the year, and further inflation should reach the target level of 4 % (Ministry of Economic Development of Russia, 2019). However, the weakening of the ruble caused consumer prices to rise earlier and faster than predicted in 2020. Before the collapse of oil prices, the inflation rate in Russia was 2.3 %, but it will be much higher at the end of the year due to the fall in oil prices and the coronavirus. We cannot rule out that the latter may prove to be a much more serious factor for the Russian economy than a fall in oil prices.

However, tax changes are often caused and result from price increases and less from price decreases (Russian economic practice (Basnukaev, 2017)). If prices rise unpredictably, rapidly and on a large scale, it inevitably affects the base of emerging income and the potential for tax burdens to change upwards increases. We can assume that the inclusion of interest income on deposits or accounts at Russian banks in the taxable base was some preventive measure of the government in replenishing budget revenues for the following years (the issue of tax payment according to the tax legislation will arise from 2022 (Ministry of Finance of Russia, 2020)), but whether it is appropriate at such a controversial time.

Presumably, the measure of increasing the tax burden will then depend on the level and volatility of price increases, thus starting to influence the calculation of long-term investment costs (discount). When this issue arises, the State may use a variety of measures of a confiscation nature, including the use of fines and other methods. Sometimes, to prevent an increase in taxes, the government also intensifies the problem of selling state property to increase revenues to non-tax budgets, but often the consequences are unequal. However, recently the increasing tax burden has become a determining factor in the Russian government's economic policy.

Every stage of developing economic and fiscal relations has many factors and conditions that cause tax changes. In this context, economic and financial sustainability creates opportunities for stability while respecting tax norms (rates) and withdrawal of tax revenues to budgets. Whether tax rates are effective or not at a particular stage (regular year budgets) must be commensurate with budgetary needs. Meanwhile, it is impossible to ignore the impact on taxpayers in any way. Tax changes cannot bypass this problem, and each time the challenge is to avoid infringement of the stimulating interests of taxpayers in the production and sale of large amounts of income (Basnukaev et al., 2019a).

In April 2020, there was the adoption of the Federal Law (Federal Law, 2020), granting all regions of Russia the right from July 1, 2020, to introduce a special tax regime for self-employed citizens. Since the beginning of last year, Moscow, Moscow region, Kaluga and Tatarstan have started such a regime. A year later, it spread to St. Petersburg, Leningrad, Voronezh, Volgograd, Nizhny Novgorod, Novosibirsk, Omsk, Rostov, Samara, Sakhalin, Sverdlovsk, Tyumen, and Chelyabinsk regions, as well as the Krasnoyarsk and Perm Territories, the Nenets and Yamalo-Nenets Autonomous Districts, Khanty-Mansiysk Autonomous District: Yugra and Bashkiria. Despite the statement that the proposed expansion of the experiment to establish a special tax regime from 1 July 2020 is not intended to generate additional income, and the regions themselves will decide on the introduction of the self-employed tax on their territory, in the current circumstances throughout the country it is advisable to declare a moratorium on the introduction of this tax.

High activity of taxpayers in the income production certainly creates some conditions for the withdrawal of additional income to the budgets, but it is necessary to measure such withdrawal. It is essential to avoid mistakes in such withdrawals of income that directly or indirectly increase the tax burden. It is even worse when there are changes in tax practice that involve the unjustified transferring more people to taxpayers. We should refrain from such practices of expanding tax burdens without economic reasons for them in the growth of real and first-time income.

4. Purpose of the Study

It is necessary to state that tax changes often occur without projections and predicted reasons, which requires such knowledge of forecasting that would determine the types and expectations from certain decisions long before changes. Tax plans and decisions need to balance with economic and budgetary projections and plans. This is currently an updated set of tasks and concerns every tax, all taxes and taxpayers. Before introducing tax changes, there is a need to analyze in detail and comprehensively the dynamics of observed real trends, to consider the regularities of emerging income of individuals and

legal entities. This is of basic importance for the tax system, tax planning and changes (Basnukaev et al., 2019b).

5. Research Methods

The research involved the following methods: analytical and comparative methods, method of comparison, methods of scientific classifications, etc.

6. Findings

The tasks of more reasonable certainty of income from VAT and PIT to the budgets are put forward from the position of the present moment. VAT continues to face the challenge of increasing its rate to 20 % (in 2018), and in the changes in PIT, there is the validity of the sufficiency of accounting for income sources, the level of income and their differentiation. VAT is known to be the most collected tax in Russia. It is the largest source of budget revenues, not counting oil and gas revenues. In 2018, the state received more than 6 trillion rubles from VAT, or 31 % of all revenues. Although VAT comes from the business, consumers pay for it: the tax is included in the prices of goods and services. After the VAT increase goods with a long production chain and high markup became more expensive: property, cars, gasoline, clothes, household appliances, paid medical services, housing and communal services. The increase in tax did not affect the cost of a limited number of socially important goods and services with a preferential rate (10 % – products, books, footwear, some medicines and medical devices; 0 % – diagnostics and treatment, passenger transportation, child care and education in schools) (New Gazette, 2019).

Thus, in case of omissions and planned shortcomings, changes in these taxes will always be more sensitive due to their large-scale impact on budgets, in tax revenues, and the need to consider the impact on prices, and therefore the issues of everyday satisfaction of people's needs.

7. Conclusion

In the assessment of tax changes their coordination is essential, we should emphasize it once again, with the changes in the economy, the level of its profitability, the target development orientation. From this perspective, corrective changes are acceptable and even necessary. In any case, it is necessary to find solutions based on searching for additional sources of income for taxation, but not increasing, by various methods, the tax burden at the established level of profitability. We do not exclude the impact of tax changes depending on the level of budget needs. However, they require not only current clarifications, but also perspective ones (Basnukaev, 2018).

In the context of the problems of the content of logic and systematization of tax changes, there is also an actualization of the introduction into the practice of reviewing the assessment of economic and legal bases of tax differentiation. As regards the significance of the consideration and feasibility, it is necessary to pay the greatest attention to the PIT, profit, VAT and personal property tax. The questions and tasks are not only to improve the settlement practice of these taxes but also to substantiate the

establishment of differentiated norms for payments, the choice of forms of taxation (rates, benefits, exemptions, holidays, etc.). Each of the above taxes may have differences determined by the level of tax collection achieved, depending on the dynamics of timely receipt of tax revenues to the budgets of different levels.

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