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STATE TAX REVENUES: DYNAMICS, PROBLEMS AND
PROSPECTS

Danara Badmaevna Erendzhenova (a)*, Burgsta Erendzhenovna Evieva (b),
Savr Viktorovich Namysov (c), Kita Kanurovich Bolaev (d), Arash Batyrovich Tsedeev (e)

*Corresponding author

(a) Kalmyk State University named after B.B. Gorodovikov, 11, Pushkin str., Elista, Russia,
uralan-danara@yandex.ru,

(b) Kalmyk State University named after B.B. Gorodovikov, 11, Pushkin str., Elista, Russia,
evievaburgsta@yandex.ru,

(c) Kalmyk State University named after B.B. Gorodovikov, 11, Pushkin str., Elista, Russia, snamysov@bk.ru,

(d) Kalmyk State University named after B.B. Gorodovikov, 11, Pushkin str., Elista, Russia, bolaev_kk@mail.ru,

(e) Kalmyk State University named after B.B. Gorodovikov, 11, Pushkin str., Elista, Russia, tsedeev2001@mail.ru

Abstract

At this point in time, in conditions of economic uncertainty caused by the systemic economic crisis, as well as the pandemic of the new coronavirus infection, stability maintenance of the state budget system is a priority, which is confirmed by a decrease in the volume of tax revenues at all its levels. Therefore, tax revenues consideration in the role of such sources seems to be relevant. It is also substantiated that taxes are one of the most significant instruments of economic and social policy of the state as a whole. The state can reduce the living standard gap of various groups of the population by dint of tax policy, and stimulate the development of the economy priority sectors, including high-tech industries, solve other issues that are of paramount importance for improving the socio-economic situation in the country. Statistics analysis, modeling of socio-economic processes and systemic and situational approaches are used as research methods. The article practical aspect is devoted to the study of the formation features of tax revenues in the state budget of the Russian Federation. The theoretical foundations of taxes and tax revenues and the composition of tax proceeds to the revenue side of the federal budget are studied in the paper. The analysis of tax proceeds to the federal budget for 2010-2020 is carried out, the main problems in the budget revenues formation are identified, the corresponding conclusions and proposals for the effective management of tax revenues are formed.

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Keywords: Budget, taxes, tax policy, tax revenues



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1. Introduction

Russian tax system has gone through a fairly long period of development. At the present stage, it has both advantages and disadvantages. Besides, there are many incentives for its further efficient development. Russian tax system is compared to European systems. Moreover, Russian tax system has a bias towards the benefit of taxpayers. Consequently, we can judge about its rather effective functioning and stable development at the present stage.

It is essential to comprehend that the country tax system is directly related to the state budget system. The budgetary system of Russia is influenced by various factors. In particular, it directly depends on tax revenues, that is, on the state tax proceeds.

2. Problem Statement

Currently, there are problems associated with the formation of the revenue side of budgets, since in recent years changes in tax and budget legislation have led to a significant reduction in the sources of revenue for state budgets.

3. Research Questions

The research subject is the improvement of the tax revenue management system.

The theoretical foundations of tax revenues to the state budget are studied at the first stage of the research.

Trends and structure of state tax revenues are considered in the practical part, problems of formation are identified and directions for improving the system of tax revenues management are proposed.

4. Purpose of the Study

The purpose of the paper is to study trends in tax revenues to the federal budget of Russia and propose areas for effective management of tax revenues.

5. Research Methods

Statistics analysis, modeling of socio-economic processes and systemic and situational approaches are used as research methods.

6. Findings

State tax revenues can be characterized as all taxes and fees that proceed to the budget (Bondareva, 2018).

It is substantial to understand that a rational tax policy directly affects the solution of government tasks. Besides, an effective tax policy of the state is associated with an increase in tax revenues to the budget (Lebedeva, 2017).

Consider the dynamics of tax revenues to the state budget based on data from the Federal State Statistics Service (Table 01).

A stable growth in government and tax revenues is observed during the period under review. In 2019, budget revenues have increased by 5.8 % compared to 2018, and by 146.4 % compared to 2010. At the same time, tax revenues of the budget increased by 7.3 % compared to the previous year, and by 185.6 % compared to the 2010 level.

Table 1. Dynamics of tax revenues in Russia in 2010–2019, billion rubles (Federal State Statistics Service)

Index	2010	2015	2016	2017	2018	2019
Total revenues	16031.9	26922.0	28181.5	31046.7	37320.3	39497.6
Tax revenues, including:	8811.9	15376.2	16173.6	19139.8	23456.9	25169.1
corporate income tax	1774.6	2599.0	2770.3	3290.1	4100.2	4543.2
personal income tax	1790.5	2807.8	3018.5	3252.3	3654.2	3956.4
value added tax (VAT)	2498.6	4233.9	4571.4	5137.6	6017	7095.4
excise tax	471.5	1068.4	1356	1599.5	1589.5	1367.3
taxes on total income	207.7	347.8	388.5	446.9	520.5	596.8
property tax	628.2	1068.6	1117.1	1250.5	1397.0	1351.1
taxes, fees and regular payments for the natural resources use, Mineral Extraction Tax (MET)	1440.8	3250.7	2951.8	4162.9	6178.5	6258.9

It should be borne in mind that there is an increase in the following taxes throughout the considered period:

- profit tax in 2019 increased by 10.8 % compared to the previous year and by 156.0 % compared to 2010;
- personal income tax increased by 8.3 % compared to 2018 and by 121.0 % compared to 2010;
- VAT increased by 17.9 % compared to 2018 and by 184.0 % compared to 2010;
- taxes on total income showed a growth of 14.7 % compared to 2018 and 187.3 % compared to 2010;
- MET increased by 1.3 % compared to the level of 2018 and by 334.4 % compared to 2010.

Consider the structure of state tax revenues (Fig. 01). The largest part of state tax revenues is represented by VAT – 28.2 % in 2019. Its share in 2019 exceeded the level of 2018 by 2.5 %, but at the same time it is below the level of 2010 by 0.2 %. Moreover, a significant part of the state tax revenues is represented by the personal income tax of 15.7 % in 2019, while its share in the structure of tax revenues in 2019 is higher than the level of 2018 by 0.1 %, but lower than the 2010 level by 4.6 %.

Corporate income tax of 18.1 % prevails in 2019 in the structure of tax revenues. Its share in 2019 is 0.6 % higher than the level of 2018, but below the 2010 level by 2 %.

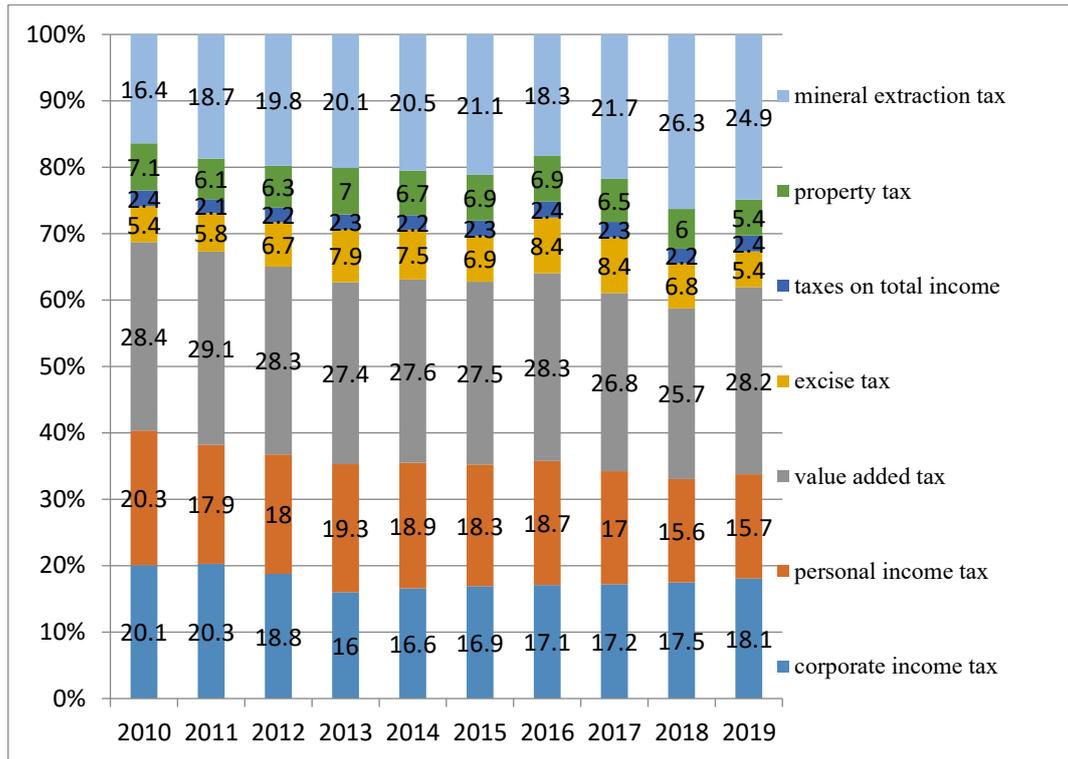


Figure 1. Tax revenues structure in Russia in 2010–2019, billion rubles (Federal State Statistics Service – Available at: <https://gks.ru>)

Analyzing Federal budget indexes for the first half of 2020, based on the Operational Report data, we are able to converse about the funds amount excess spent by the state, in accordance with the incoming revenues. Thus, the revenues volume in the first half of 2020, in comparison with the 2019 indexes, decreased by 4.8 %, including oil and gas revenues – by 35.4 %, which in monetary terms is 38.4 trillion rubles (Bolotnova et al., 2020). The amount of funds received by the budget in the first half of the year is 9.09 trillion rubles, or 44.1 % of the planned amount – 20.59 trillion rubles. In our opinion, one of the main reasons for the decrease in the federal budget profitability, along with the suspended activities of a number of key enterprises in the country due to quarantine measures, is the cease of export traffic between G20 countries.

Consider the structure of state tax revenues in 2020 (Fig. 02). At the end of January-October period of 2020, profit tax (20.3 %) and VAT (20.3 %) prevailed in the structure of state tax revenues. A significant share is also focused on the mineral extraction tax (19.3 %) and personal income tax (19.0 %) (Bolotnova et al., 2020).

A smaller share of state tax revenues in 2020 comes from property taxes; they account for 6.2 % of all tax revenues.

The changes affected not only the volumes, but also the structure and sources of funds to the federal budget. Revenues from the oil and gas industry declined, namely, only 2.66 trillion rubles were received from the planned 9.09 trillion rubles. Besides, revenues from the mineral extraction tax decreased by 36.6 %.

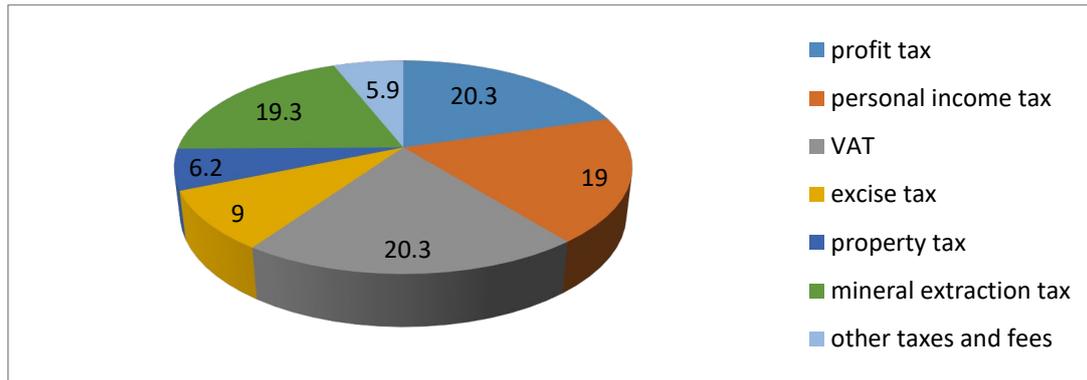


Figure 2. Tax revenues structure in Russia in January–October 2020, % (Federal State Statistics Service)

The decrease in the volume of the federal and regional budget is largely due to the shortfall in tax funds from entrepreneurship and private business owing to a decline in the number of corporations (Erendzhenova et al., 2020). According to official data from the Federal Tax Service, the number of entrepreneurs who decided to terminate their activities since the pandemic start has increased by 77 % compared to 2019. The downward trend in the number of entrepreneurs continues to present days, despite the support measures taken by the state, which, in turn, have become one of the new items of spending budget funds (Chan, 2020).

There are several problems inherent in the formation of state tax revenues based on the conducted analysis (Fig. 03).

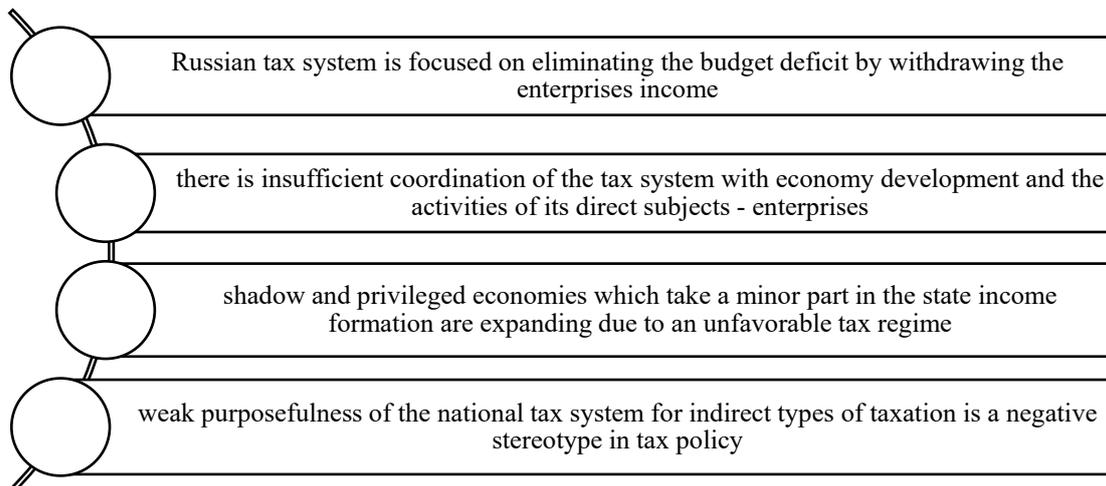


Figure 3. Formation issues of the state tax revenues (Deeva, 2020)

It is required to optimize profit tax rates on in order to solve the issues associated with the rational formation of the state tax revenues. It should be borne in mind that its growth does not always have a favorable effect on tax revenues (Fedotov, 2018).

7. Conclusion

The formation of state tax revenues of has a lot of promising development areas:

1. It is significant to constantly improve the legislative activity of the tax system in relation to promising areas. For instance, it is required to develop the tax base in the field of e-commerce, improve the taxation of intangible assets, and develop the tax accounting capabilities of digital letters of credit (Abdelwahed, 2020).

2. Cooperation in the international arena can also be considered a promising direction. In particular, the fight against double taxation is of interest; our country is participating in an international project aimed at combating this problem.

3. Transparency of the tax process can be considered an essential trend in the tax revenues development. For example, the state traces the entire chain of VAT movement from the manufacturer to the final consumer.

4. Promising development direction can be thought the possibility of a preliminary agreement with tax inspectorates. This mechanism began to be actively used in the field of transfer pricing.

5. The priority alignment of the tax system functions is taking place at the present stage. This is essential because ineffective tax distribution can lead to problems in various sectors, in particular, in the field of pensions.

It is eventual to significantly improve the quality of the state tax revenue management through the observance of the above principles. Consequently, this will have a positive effect on the entire economy of the country and the budget.

Moreover, the state tax system should focus on production. Due to this fact, it is possible to stimulate manufacturing enterprises which will be able to increase the taxable base in the future.

It should be noted that the first place is taken by effective management of tax revenues which is feasible if the following principles are observed:

- integrated approach to the development of management decisions in the field of taxes needs to be developed;
- management of tax revenues should be distinguished by mobility and activity;
- tax revenue management should be guided by strategic state objectives (Orlov, 2015);
- tax revenue management system should be integrated into the overall fiscal policy (Gashenko, 2019).

Thus, the state tax system acts as a lever for regulating economic activity. It is directly related to state revenues which are generated from taxpayer receipts. That is why, at the present stage, its development prospects are acquiring more and more interest which contribute to the evolution of the entire economic system of our country.

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