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"Global Challenges and Prospects of the Modern Economic Development"**TAX SURVEILLANCE DEVELOPMENT UNDER THE**
CONDITIONS OF ECONOMICS DIGITIZING

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Abstract

Digital technologies development leads to working-out of new ways in tax surveillance realization. The topical issues are to research organization of tax surveillance, to analyse work efficiency of controlling tax authorities, to find the ways to improve tax surveillance. The aim of the article is to determine the changes' influence on tax surveillance in the conditions of economics digitizing. The use of new instruments in tax authorities' control requires reinterpretation of the 'tax surveillance' definition. The usage of risk-oriented approach to tax audits is researched. As a result of this approach, the efficiency of audits is increasing while their amount is decreasing. It is recorded that tax surveillance of fiscal operations in retail with the help of POS equipment promotes the increase of tax receipts received. The problem of legalization of self-employed people's activity is considered. As a special tax regime is introduced, innovative instruments are provided; tax transparency for the state and convenience of tax paying for citizens are created with the help of these instruments. While realizing control measures, conditions are created and direct dialogue between taxpayers and tax authorities is possible with the help of modern information technologies. It makes it possible for taxpayers to perform their duty of tax and dues payment conscientiously and for tax authorities to change their activity from total tax surveillance to exposing, preventing and combating tax offences. The efficiency of digital technologies usage while realizing control measures is estimated in the research.

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1. Introduction

Economics digital transformation has become one of the main priorities of the Russian Federation nowadays. Economics digitizing has influence on the country's tax system. In its turn tax surveillance is a necessary condition for existing of efficient tax system.

On the 2017-2030 Strategy for the Development of an Information Society in the Russian Federation determines the main directions for digital economics development (The Executive Order 'On the 2017-2030 Strategy for the Development of an Information Society in the Russian Federation', 2017). These directions fully promote the development of new approaches to tax surveillance realization. Tax surveillance methods and instruments are being changed under their influence. The use of digital instruments for tax surveillance makes it possible to reduce administrative workload for taxpayers on the one hand, and to guarantee the steady increase of tax revenue on the other hand.

2. Problem Statement

The development and introduction of modern information technologies promote the realization of the main directions in digital economics (Sundberg, 2019; De Araujo & Reinhard, 2015).

Information technology is defined as 'processes, methods of search, collection, storage, processing, supply, distribution of information and methods of carrying out of these processes and methods' (Federal Law "On Information, Information Technologies, and Information Protection", 2006).

The modern level of economics development and the constant improvement of the tax area presuppose the necessity of the current changes' analysis. Tax authorities use the changes for the realization of their tasks. The changes fully relate to tax surveillance which, having new forms, promotes timely and complete budgeting on all levels. The appearance of new instruments for tax surveillance based on digital technologies requires solving a number of problems in taxation. It is fairly important to research the organization of tax surveillance, to analyse its efficiency, to find the ways for tax surveillance improvement.

3. Research Questions

The main issues of the research are:

- to give a definition of 'tax surveillance' and to determine its role in the forming of tax receipts of the budget;
- to estimate the current state of tax surveillance and the problems connected with it;
- to examine the use of digital technologies in order to improve tax surveillance.

4. Purpose of the Study

Information technologies penetrate in all spheres of life and change not only economics, but also tax area. The introduction of digital technologies makes it possible to carry out tax surveillance on a new quality level. The purpose of the study is to determine the changes' influence on tax surveillance in the conditions of economics digitizing.

5. Research Methods

Various methods were used in the research. They include theoretical (dialectical logic, rational knowledge and others), diagnostic (diagnostic analysis of the condition and reasons), empirical (description of facts, measuring and generalization of research results).

6. Findings

In current conditions budgeting on all levels is impossible without creating a system of efficient tax surveillance. The development of the state economics also depends on the quality of tax surveillance.

Current tax legislation defines tax surveillance as the authorities' work to control taxpayers', withholding agents' and levy payers' compliance with the tax and levy legislation (Tax Code of the Russian Federation, 1998).

There are various definitions of tax surveillance in economic literature. A.V. Bryzgalin and D.A. Ilinykh define tax surveillance as “established by law the aggregate of ways and means of the authorities' work that enforces compliance with the tax legislation, calculation correctness, completeness and timeliness of tax payments to a budget or a non-budget fund” (Bryzgalin, & Ilinykh, 2011, p. 100).

Some Russian scientists consider tax surveillance as the element of financial control and tax mechanism. According to other authors, tax surveillance is the aggregate of ways and means established by statutory acts to enforce compliance with the tax legislation and tax execution.

As a result of the analysis of the ‘tax surveillance’ definition it can be considered as the authorities' work to enforce compliance with the tax and levy legislation using information technologies in order to fill a budget and non-budget funds completely and opportunely. The given definition is considered to take into account the current conditions in which tax control is exercised. The aim of tax surveillance is to prevent and to reveal tax offences, to prevent budget deficit, to bring the guilty to justice. Initially the main way of tax surveillance in order to reveal tax offences was an on-site tax audit which involves a certain time period and the aggregate of taxpayer's tax liabilities.

The tendency for the decrease of the amount of on-site audits is recorded, while their efficiency is increasing. Innovations in instruments applied for tax surveillance allow tax authorities to use new methods in their work. Federal Tax Service of the Russian Federation uses a risk-oriented approach for choosing the objects for an on-site tax audit successfully.

Thus, in 2018, 14,2 thousand on-site audits were held which is 30% less than in 2017 (20,2 thousand audits). The result of the one on-site audit improved much (by 42%) and was 22 million roubles. As a result of the held on-site audits the budget obtained more than 175 billion roubles extra and one of the audits brought more than 12 million roubles to the budget.

The automated control system – ASK “VAT” – was introduced by Federal Tax Service of Russia in order to increase tax surveillance efficiency and to increase the amount of taxes to the budget. This control system makes it possible to watch the VAT forming all over the country. The procedure of tax surveillance has improved considerably with the help of this information technology; it makes it possible to react on tax risks quickly and to hold activities for rectifying the committed breaches (Mikhaleva, Pavlova, Charikov, & Asseev, 2019).

As a result of control and analysis work with the ASK “VAT” in 2018 the budget obtained 13 billion roubles extra, 12,4 billion roubles were obtained because taxpayers fulfilled their obligations by themselves (Proven Business, 2019).

The changes in control instruments are connected with the appearance of a new form of tax surveillance – tax monitoring. As a result of tax monitoring, information contact between tax authorities and a taxpayer takes place online with the opportunity for tax authorities to get access to a taxpayer’s data. Similar control systems are being practiced internationally for a long time. This is an enhanced relationship and its more improved form – cooperative compliance (Tax and Customs Administration, 2013). The Netherlands were the first to use such a control system. Nowadays this instrument of tax surveillance is widely spread all over the world: in Great Britain, France, Germany, the USA and other countries.

The requirements that are generated for the level of information technologies used, predetermined creating on the legislative level the criteria which taxpayers – representatives of large business – meet. It is worth mentioning that it is impossible to apply this instrument of tax surveillance to the majority of taxpayers.

This instrument can be used by organizations which meet the requirements mentioned in the article No.105.26 of the Tax Code of the Russian Federation:

- tax payments are not less than 300 million roubles;
- the organization’s receipts are not less than 3 billion roubles a year;
- the value of all organization’s assets are not less than 3 billion roubles.

The problem that monitoring mechanism cannot be applied to small and medium businesses is unsolved. This approach does not conform to the existing international practice.

It is necessary to mention that the amount of participants in tax monitoring in the Russian Federation has increased considerably since 2016. There were 7 organizations in 2016, 21 organizations in 2017, 26 organizations in 2018 and there are already 44 organizations in 2019. Apart from these 52 biggest taxpayers are going to join tax monitoring by 2020. They and the current participants guarantee 30% revenue to the federal budget (The Federal Tax Service, 2019a).

The introduction of the new rules for POS equipment has had a big influence on the increased level of tax revenue. This equipment enables the subjects of small and medium businesses to pass the data about payments to tax authorities online. It helps to control physical cash flow efficiently.

The updated figures in preliminary results of cash registers’ reform are impressive: more than 900 thousand organizations and individual entrepreneurs use cash registers, there are 2,4 million online cash registers, the sum of cheques given by POS equipment is calculated in trillions – 56,7 trillion roubles (Business.ru, 2019).

In the conditions of digital economics the experimental tax regime “Earned income tax” has been introduced for individuals in Russia since 2019 in order to fight against illegal business activity. The use of information technologies plays a leading role in this experiment. Paying taxes by a mobile app takes place in the regime. Taxpayers can also register and deregister with the tax authorities, make a cheque, provide income information, etc by a mobile app “My tax”.

The first information about the taxpayers' reaction has already been received: more than 40 thousand people have signed in in the mobile app for the self-employed, and the preliminary amount of the tax to be paid is more than 52 million roubles (Your Law, 2019).

The use of new instruments in tax surveillance leads to the increasing of data transfer rate. The retention and processing of personal data is the important aspect of digital technology use which is confirmed by the Bernardo D. Olivares and Xavier Caron's research (Olivares, 2018; Caron, Bosua, Maynard, & Ahmad, 2016). It is important not only for the innovative tax product, but also for the procedure of online state registration of legal entities and individuals, for the exchange of e-documents, in particular for filing electronic tax returns. On the international level this problem is presented in the research by Akram, Malik, Shareef, & Awais Shakir Goraya, (2019). The topic of confiding relation of people and organizations to public taxation services is described in the article by Chen, Jubilado, Capistrano and Yen (2015). The importance of this research is explained by the increase of consumers' loyalty and of demand on electronic tax services. In the article by Bojuwon and Sheikn Obid (2015) the influence of electronic tax services on the quality of their realization is substantiated using the example of Nigeria; it enforces the increase of tax collection rate.

According to the data given by Federal Tax Service of the Russian Federation, 9401,7 billion roubles were received by consolidated budgets in 2018; it is more than in 2017 by 1220,3 billion roubles or by 14,9% (in 2017 the accession rate of receipts mentioned was 8,3% in comparison with 2016). Such a result is achieved due to introduction of digital technologies to tax surveillance (The Federal Tax Service, 2019b).

7. Conclusion

The analysis made confirms that the use of modern technologies in order to increase the quality of tax surveillance has promoted its improvement. However, despite all the positive moments, there is a list of problems which require to be reconsidered in the conditions of digital economics.

For the improvement of the tax surveillance efficiency it is necessary

- to perfect information technologies;
- to upgrade the qualification of the employees;
- to perfect the exchange of information between different tax jurisdictions;
- to increase the level of tax culture.

Thus, the development of tax surveillance in current conditions takes place due to introduction of information technologies; they increase its efficiency, enforce compliance with tax legislation and make tax receipts stable.

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