

**MTMSD 2022****I International Conference «Modern Trends in Governance and Sustainable Development of Socio-economic Systems: from Regional Development to Global Economic Growth»****ANALYSIS OF STATE TAX POLICY AND IMPROVEMENT  
PROSPECTS IN MODERN TIMES**

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**Abstract**

The study, "Analysis of State Tax Policy and Improvement Prospects in Modern Times," aims to critically evaluate the existing state tax policies and explore avenues for enhancement in contemporary contexts. The research employs a comprehensive and multifaceted methodology involving a thorough review of existing tax policies, an analysis of economic indicators, and the examination of case studies on successful tax reforms. Utilizing a combination of qualitative and quantitative research methods, the study collects and analyzes data from diverse sources, including governmental reports, economic literature, and comparative tax studies. The research focuses on identifying the strengths and weaknesses of current tax policies, assessing their impact on economic growth, income distribution, and social welfare. One notable result of the study is the identification of key areas in which existing state tax policies may be refined to better align with the evolving economic landscape. The research highlights the significance of simplifying tax structures, reducing administrative complexities, and fostering a more equitable distribution of the tax burden. In conclusion, the findings underscore the need for continuous adaptation and improvement of state tax policies to address the challenges posed by dynamic economic conditions. The study provides valuable insights for policymakers, economists, and stakeholders interested in advancing tax reforms that promote economic development, social equity, and fiscal sustainability.

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## **1. Introduction**

The key priority for the development of tax policy in the Russian Federation currently remains the creation and maintenance of stable tax conditions for business entities (Batashev & Bisultanov, 2021). Increasing the efficiency of tax administration in the context of facilitating the optimal administrative burden for conscientious taxpayers while maintaining the incentive functions of the tax system are key guidelines for ensuring the stability of tax conditions for business entities (Afanasyeva, 2019). At the same time, it is necessary to ensure high tax collection, since it is important to understand that the steady flow of tax payments to the budgets of all levels of the budget system of the Russian Federation is the foundation for the implementation of incentive measures within the framework of tax relations.

## **2. Problem Statement**

The Russian Federation's tax system is in a state of continuous evolution, marked by ongoing reforms that emphasize the augmentation of automation, equity in natural resource rent distribution, and the regulation of taxation on tobacco products. As these reforms unfold, it becomes imperative to assess their effectiveness critically, ensuring alignment with the dynamic demands of the socio-economic landscape. This research aims to delve into the intricacies of these tax reforms, scrutinizing their impact and efficiency in meeting the contemporary needs of the nation.

## **3. Research Questions**

This study is centered around addressing key research questions vital to understanding the dynamics of tax reforms in the Russian Federation:

- i. What are the primary domains targeted by ongoing tax reforms in the Russian Federation?
- ii. In what ways do these reforms tackle challenges related to the equitable distribution of natural resource rent and the taxation regulation on tobacco products?
- iii. How effective is the methodological framework employed for the normative regulation of excise taxation within the tax system?
- iv. To what extent does the efficient distribution of natural rent contribute to the establishment and growth of the middle class in the Russian Federation?

These questions provide a comprehensive framework for investigating and evaluating the multifaceted aspects of tax policy reforms in the context of the Russian Federation.

## **4. Purpose of the Study**

The primary objective of this research is to scrutinize the pivotal domains of tax reform within the Russian Federation, with a keen consideration of the prevailing socio-economic landscape. The study is designed to gauge the efficacy of the methodological framework governing the normative regulation of excise taxation. Furthermore, it seeks to analyze how the judicious distribution of natural rent contributes to the emergence and growth of the middle class. The outcomes of this study are anticipated to furnish

valuable insights into the effectiveness of ongoing tax reforms, offering a foundation for informed policy decisions in the realm of tax reform for the future (Majidov, 2020; Panskov, 2018).

## 5. Research Methods

In the exploration and synthesis of the primary domains of contemporary state tax policy, a range of general scientific methods was employed. Systemic analysis was applied to comprehend the interconnections and interdependencies inherent in the tax policy landscape. Abstraction allowed for the extraction of essential features and principles, contributing to a more nuanced understanding. Inductive reasoning was utilized to derive general insights from specific instances, facilitating a comprehensive examination (Baturkin, 2021; Bisultanov, 2021).

To construct a holistic view of the execution of the principal facets of the state tax policy in the Russian Federation, non-normative departmental documents such as "The main directions of the budget, tax and customs tariff policy for 2022 and for the planning period of 2023 and 2024" (ConsultantPlus, 2022) were scrutinized. Additionally, reports from authoritative entities like the Accounts Chamber, Ministry of Finance, and Federal Tax Service of Russia were extensively referenced.

The analysis outcomes were cross-referenced with individual statistical indicators of taxation. This comparative approach enabled the formulation of conclusions regarding the achievement of parameters within the scope of state tax policy. Furthermore, it facilitated the identification of key issues and potential avenues for enhancement, particularly in areas such as the taxation and administration of tobacco products and the equitable distribution of natural rent between subsoil users and citizens (Dzhabrailova et al., 2021).

## 6. Findings

The examination of official departmental programs, reports, and scholarly works related to state tax policy in the Russian Federation revealed several key areas of focus. The endeavors of tax regulation primarily revolve around diminishing the shadow economy sector and establishing fair competitive conditions for law-abiding taxpayers. Noteworthy tax measures include:

1. Development and Enhancement of Product Traceability System:
  - i. The ongoing development and improvement of the product traceability system, initiated in July 2021, aim to ensure comprehensive control over products imported into the Russian Federation. This system, applicable to organizations, individual entrepreneurs, and particularly importers, focuses on documenting the transfer of ownership for entire batches of goods rather than individual units. This documentary approach enhances tax and customs payment collection (Abramova et al., 2020).
2. Introduction of Customs Monitoring:
  - ii. The establishment of a legal platform for customs monitoring is proposed to streamline documentary control procedures, enhance transparency, and facilitate a comprehensive assessment of the financial and economic activities of foreign economic participants. Customs monitoring tools are anticipated to simplify administrative procedures, reduce negative

consequences, and empower participants in foreign economic activity to assess and mitigate their customs risks (Development Strategy of the Federal Customs Service of Russia until 2030).

3. Automated Simplified Taxation System (USN.online):

- iii. A new tax regime, the automated simplified taxation system, emphasizes transparency and is slated for introduction as an experiment in selected regions from July 1, 2022, to December 31, 2027. Targeting organizations and individual entrepreneurs with an annual income of up to 60 million rubles and no more than 5 employees, this system facilitates reduced transaction costs through automated accounting of expenses, as reported through online cash registers and bank payments (Roshchupkina, 2019).

4. Institute of "Single Tax Payment":

- iv. Proposals for a "single tax payment" mechanism envision simplifying the payment process for taxpayers. This approach involves fulfilling tax obligations through a single payment order, with subsequent distribution by tax authorities. The advantages include simplified payment procedures, optimized tax calendars, streamlined tax debt administration, enhanced taxpayer-tax authority interaction, and a simplified process for handling positive balances (Federal Law No. 46702-8).

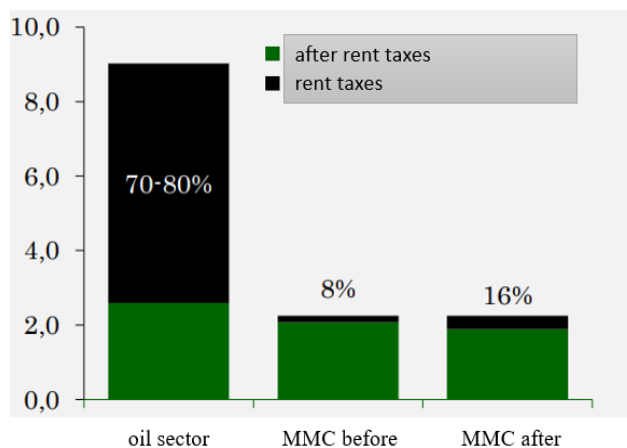
5. Improving Tobacco Excise Tax Administration:

- v. Efforts to enhance the quality of tobacco excise tax administration are crucial due to the significant contribution of tobacco excise tax to the consolidated budget. The study recognizes challenges such as discontent among manufacturers and consumers, increased illegal sales, and inefficiencies in control mechanisms. Recommendations include regionalizing part of the excise taxes on tobacco products to incentivize regional authorities in combating illegal tobacco product circulation (Batashev et al., 2022, 2021).

The findings underscore the multifaceted nature of tax policy initiatives in the Russian Federation, ranging from technological advancements in traceability systems to novel approaches in taxation regimes and excise tax administration. These endeavors reflect a broader strategy aimed at bolstering fiscal transparency, reducing tax evasion, and optimizing tax collection mechanisms (Abdulaeva et al., 2019).

Thus, one of the key areas for improving the fairness of the distribution of natural resource rent, in our opinion, is the modernization of the principles of taxation in the sectors of the mining and metallurgical complex with the linkage of MET tax rates to world prices for the corresponding minerals. The fair distribution of natural rent between subsoil users and citizens in these industries is a necessary element for the development of the middle class in our country and a source of reducing the high differentiation of the population in terms of income. Efficient use of natural resource rent for the reproduction of human capital is a universal type of investment in terms of the long-term development strategy of the Russian Federation (Grekov, 2004; Vasilyeva, 2012).

The high profitability formed in the MMC industries was historically distributed unfairly - 7-8% (up to 70-80% in the oil industry) (Figure 1).



**Figure 1.** Rent taxation of MMC industries

The branches of the mining and metallurgical complex, even in times of crisis (periods of low price conditions), had an increased level of profitability. Thus, over the past 10 years, the largest domestic companies in the MMC industries had an operating cash flow of up to 16 trillion rubles. At the same time, the volume of investments in these industries by the largest companies for this period amounted to no more than 5 trillion rubles rub. Thus, the level of return on invested capital in the MMC industries has been up to 200% over the past 10 years. In accordance with the practice of corporate governance, a significant part of the funds (after financing of capital investments) is distributed among the shareholders of companies in the MMC industries. Currently, a significant increase in cash flow in the MGC industries is expected at the level of 1.5 trillion. rub. after capital investments at the end of 2021 (Golik & Mashezova, 2021).

At present, the level of redistribution of natural resource rent in the MMC industries through rent taxes is insignificant and for the period 20100-2020. amounted to 0.6 trillion. rub. (7.5% free cash flow before the fiscal section). Measures planned by the Government of the Russian Federation in the field of taxation of mining and metallurgical industries will lead to an increase in the level of income distribution through rental taxation up to 15-20%.

## 7. Conclusion

In conclusion, the current tax policy framework in the Russian Federation aligns with the overarching objective of streamlining tax administration processes to foster a business-friendly environment. The emphasis on leveraging automated technologies for tax procedures and enhancing control mechanisms for the financial and economic activities of taxpayers is integral to this strategy. The results obtained from the study lay the foundation for continued exploration and scholarly discourse on challenges and opportunities within excise taxation of tobacco products and the equitable distribution of natural rent in specific subsoil use contexts.

The envisioned impact of these findings extends to both academic and practical domains, prompting further investigation into the intricacies of excise taxation and natural rent distribution. The ongoing pursuit of improvements in these areas reflects the commitment to refining tax policies that not only facilitate economic activities but also address societal concerns. As the landscape of tax

administration continues to evolve, the outcomes of this study contribute valuable insights for academics, policymakers, and practitioners alike, fostering an ongoing dialogue on the dynamic intersection of taxation, business, and socio-economic development.

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