

MTMSD 2022**I International Conference «Modern Trends in Governance and Sustainable Development of Socio-economic Systems: from Regional Development to Global Economic Growth»****TAX ADMINISTRATION AND BUDGET REVENUE IN RUSSIA:
AN ANALYSIS**

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Abstract

Economic policy of 2020 and beyond has been focused on helping to combat the pandemic and its consequences. In order to quickly restore the economy, various solutions have been developed in terms of budget policy. To ensure the completeness of the state budget and the timely fulfilment by taxpayers of their obligations, it is necessary to carry out high-quality tax control measures. Despite the rather optimally built system of tax control in the Russian Federation, the mechanism of tax audits needs to be improved. Considering that the tax legislation provides for the calculation of the tax base mainly on the basis of information contained in the financial statements and tax returns, organizations can keep accounting records with violations and concealments. Particular attention in the development of tax control tools should be paid to electronic interaction between tax authorities and taxpayers. Specialists in the field of taxation propose a transition from electronic document management to digital. The use of digital tax administration tools makes it possible to reduce the administrative burden on enterprises and maintain a stable growth rate of tax and other revenues managed by the Federal Tax Service in an unfavorable external economic environment for the budget system. In this regard, it is planned to continue the implementation of a number of measures to improve the tax administration, including through further digitization of the tax administration and the integration of all sources of information.

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1. Introduction

The common economic policy, ensuring sustainable economic growth rates and expanding the potential for balanced development, carried out the main task of facilitating the achievement of the country's national development goals (Alexandrov, 2019).

However, given the unexpected spread of coronavirus infection around the world, the planned plans for the development of budgetary policy have changed significantly. To stop the spread of the virus in the country, many organizations have received administrative restrictions, up to the suspension of activities. These restrictions have not bypassed ordinary citizens either: due to social distance, consumer activity has decreased. In addition to a sharp decline in business activity, the Russian economy also faced the problem of a collapse in oil prices, which worsened conditions in the external market.

2. Problem Statement

The economic policy of 2020 and beyond has been focused on helping to combat the pandemic and its consequences. In order to quickly restore the economy, in terms of budget policy, solutions have been developed that will be discussed below (Anisimov, 2017).

3. Research Questions

This paper poses several important research questions for future exploration:

- i. What are the current tax control measures in place in the Russian Federation?
- ii. How effective are the existing tax control measures in ensuring the completeness of state budgets?
- iii. What are the areas that require improvement in the tax audit mechanism to prevent accounting violations and concealments?
- iv. What are the benefits of digital tax administration tools in reducing administrative burdens on enterprises and maintaining stable growth rates of tax and other revenues?

4. Purpose of the Study

The purpose of this study is to examine the challenges in tax control measures in the Russian Federation and assess the effectiveness of existing mechanisms in ensuring the completeness of state budgets. Additionally, the study aims to identify areas that require improvement in the tax audit mechanism to prevent accounting violations and concealments. Finally, the study will explore the benefits of using digital tax administration tools in reducing administrative burdens on enterprises and maintaining stable growth rates for tax and other revenues.

5. Research Methods

Analytical, synthesizing methods, as well as methods of logical moderation were used to analyze the main theoretical materials of the review article (Basnukaev, 2022a). The analysis of extensive

materials, including articles, abstracts, presentations at conferences and other documents, devoted to the issues of sustainable development in the synthesis of global and economic security, was carried out, foreign periodicals in the field of imposing sanctions and counter-sanctions were studied, and their influence on the international situation was studied. Documents were identified through a combination of keyword and term searches. The search was not date-bound, as priority was given to the relevance of the material in terms of its significant contribution to the ongoing discourse, regardless of the age of the material. Attempts have been made to collect as much relevant literature as possible to reflect the growing need for research issues.

6. Findings

The economic policy of 2020 and beyond has been focused on helping to combat the pandemic and its consequences. In order to quickly restore the economy, the following decisions were developed in terms of budget policy (Basnukaev, 2021a):

- i. Maintaining a visible and stable environment in a low-income environment, which may fall under the domestic economic situation and the situation of external relations.

To implement this decision, management and financial resources at all levels of public authorities were involved, and a system for monitoring the implementation of relevant measures was built.

Considering the fact of a strong drop in oil prices in the first half of the year, it should be noted that the national currency and financial markets coped with the task. They have maintained stability while keeping inflationary expectations under control.

- ii. Ensuring the counter-cyclical orientation of the budget policy.

The realization of this goal is facilitated by the gradual normalization of the budget forecast for continuous structural changes: as in the structure of finance - structural maneuver and the tax system to balance direct tax cuts and the productivity of SMEs; and in terms of budgeting - the strategic distribution of public budget funds and the achievement of national development goals - both within the framework of national projects and measures to implement the instructions of the President and the Federal Assembly, including state programs (Figure 1) (Basnukaev, 2022b, 2021b).

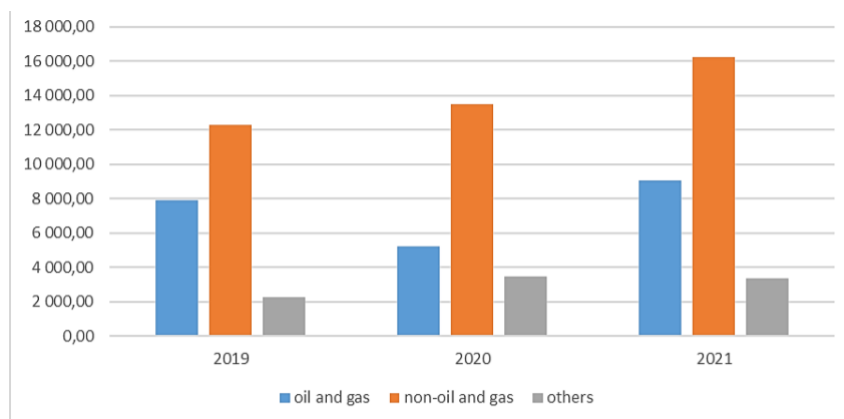


Figure 1. Revenues of the federal budget of the Russian Federation for 2019-2021 (billion rubles)

A more detailed layout is presented in table 1.

Table 1. Revenues of the federal budget of the Russian Federation for 2019-2021 (billion rubles)

| Indicator | 2019 | 2020 | 2021 |
|--------------------------------|----------|----------|----------|
| INCOME, TOTAL | 20 188,8 | 18 719,1 | 25 286,5 |
| Oil and gas revenues | 7 924,3 | 5 235,2 | 9 056,5 |
| Non-oil and gas revenues | 12 264,5 | 13 483,8 | 16 230,0 |
| Related to domestic production | 6 389,6 | 6 260,3 | 8 135,7 |
| VAT (domestic) | 4 257,8 | 4 268,6 | 5 479,5 |
| Excises | 946,7 | 900,3 | 1 013,0 |
| Income tax | 1 185,0 | 1 091,4 | 1 552,4 |
| Personal income tax | | | 90,7 |
| Import-related | 3 644,5 | 3 748,8 | 4 724,5 |
| VAT on imported goods | 2 837,4 | 2 933,5 | 3 733,0 |
| Excises on imported goods | 90,3 | 102,1 | 132,6 |
| Import duties | 716,9 | 713,2 | 858,9 |
| Other | 2 230,4 | 3 474,8 | 3 369,9 |

The total volume of federal budget revenues in 2020 decreased compared to the previous period in 2019 by RUB 2,336.4 billion (Basnukaev, 2021c). The largest decline occurred in oil and gas revenues in the amount of 2,797.3 billion rubles. The indicator of non-oil and gas revenues, which is 60% of the total amount of all revenues, has remained relatively stable throughout the period presented in the table (Buyanova, 2021).

In 2021, the so-called “Fiscal Miracle” happened. Federal budget revenues increased by 35%, amounting to 25,286.5 billion rubles. This significantly exceeded the figures calculated by the Ministry of Finance for the planned 2021. Experts explain such a strong budget growth by high inflation, GDP growth, high world oil prices, and a reduction in international mobility due to the pandemic (Dombrovsky, 2009).

Oil and gas and non-oil and gas revenues increased by RUB 3,821.3 billion. and 2,745.2 billion rubles respectively. VAT occupies a leading position in terms of income of domestic (67%) and foreign (79%) production (Kalashnikova, 2009).

To ensure the completeness of the state budget and the timely fulfillment by taxpayers of their obligations, it is necessary to carry out high-quality tax control measures.

Tax audit, which plays an important role in the tax administration department, is a key tool in the work of the tax authorities and allows you to most effectively confirm tax liability and liability (Krokhina, 2020). We will analyze the efficiency and effectiveness of tax audits for the last 3 years, in the period from 2019 - 2021, indicating the additional amounts charged.

Table 2. Tax audits for 2019-2021

| Indicators | 2019 | 2020 | 2021 | Change, % |
|--------------------------------------|-------------|-------------|-------------|-----------|
| Number of cameral inspections, units | 62 843 660 | 61 490 686 | 58 894 309 | 93,7 |
| Identified violations, units | 2 447 878 | 2 383 741 | 2 975 430 | 120,8 |
| Efficiency, % | 3,9 | 3,9 | 5,1 | 130,8 |
| Additional charges, thousand rubles | 37 804 520 | 52 481 228 | 64 496 358 | 170,6 |
| Efficiency, thousand rubles | 15,4 | 22 | 21,7 | 140,9 |
| Number of field tax audits, units | 9 358 | 6 144 | 6 143 | 65,6 |
| Identified violations, units | 8 984 | 5 870 | 5 869 | 65,3 |
| Efficiency, % | 96 | 95,5 | 95,5 | 99,5 |
| Additional charges, thousand rubles | 299 170 814 | 195 129 011 | 134 790 568 | 45,1 |
| Efficiency, thousand rubles | 33 300 | 33 241 | 22 967 | 69 |

The data presented in Table 2 shows that in 2020 the number of inspections carried out has decreased. The reason for this was the epidemiological situation in the country due to the Covid-19 pandemic (Markin, 2020). Due to social distancing and quarantine restrictions, field inspections have become more difficult, which shows such a sharp decrease (by 34% compared to the previous year). The decrease in desk audits is due to the termination of their activities by small and medium-sized businesses. It is also worth noting that from January 1, 2021. Decree of the Government of the Russian Federation dated November 30, 2020 No. 1969 suspended scheduled inspections of small and medium-sized businesses. Nevertheless, despite the decrease in the number of desk audits, during the analyzed period, there was an increase of 6.3% in detected violations, the increase was 20.8% (Tokaev & Basnukaev, 2022). Accordingly, the effectiveness of the work of the tax authorities increased from 3.9% to 5.1%, i.e. every twentieth taxpayer makes mistakes or deliberate distortions when paying taxes.

The effectiveness of penalties in the context of additional amounts charged per audit in the reporting period decreased by 0.3 thousand rubles compared to the previous period, but in general, over the period under review, the efficiency of the tax authorities increased by 40.9% (Sugarova et al., 2022).

In contrast to desk audits, the number of violations detected during on-site inspections is also decreasing, the rate of decline was 34.7% (Markin, 2020). For one field tax audit in the reporting period, an additional 22,967 thousand rubles were charged, which is 31% less than the base period. This fact indicates a decrease in the effectiveness of field tax audits.

The analysis showed that an on-site audit is the most effective mechanism of tax control, despite the fact that it covers a smaller volume of taxpayers compared to others.

Despite the rather optimally built system of tax control in the Russian Federation, the mechanism of tax audits needs to be improved (Dombrovsky, 2009). Considering that the tax legislation provides for the calculation of the tax base mainly on the basis of information contained in the financial statements and tax returns, organizations can keep accounting records with violations and concealments.

It is possible to use other available information about the taxpayer and calculate the tax base by calculation, for example, based on data available to similar taxpayers. To do this, it is necessary to register this possibility in the tax legislation. This approach to conducting desk audits will improve their effectiveness.

Particular attention in the development of tax control tools should be paid to electronic interaction between tax authorities and taxpayers (Fateeva, 2018). Specialists in the field of taxation propose a transition from electronic document management to digital. The modern tax electronic document management system does not provide for automatic compilation and submission of tax reports, an automated process for identifying transactions related to potential tax evasion, and there is no possibility for tax authorities to exercise online control over taxpayers.

Digital document management is a decentralized way of organizing work with documents, implemented through smart contracts. A smart contract is an agreement in electronic form, the execution of which is carried out in the automatic order of digital transactions (Khamzina, 2009). The introduction of smart contracts will increase the efficiency of desk audits, as well as avoid mistakes by taxpayers when preparing declarations and tax reporting.

This offer is more aimed at large and medium-sized settlements in which the Internet works stably. But it should be noted that large taxpayers are located in such settlements. And also its application is promising due to the fact that the digitalization program in Russia is being actively implemented.

The use of digital tax administration tools makes it possible to reduce the administrative burden on enterprises and maintain a stable growth rate of tax and other revenues managed by the Federal Tax Service in an unfavorable external economic environment for the budget system (Sharapova, 2009). In this regard, it is planned to continue the implementation of a number of measures to improve the tax administration, including through further digitization of the tax administration and the integration of all sources of information. The data is transferred to a single information system, and then the data is analyzed based on modern technologies used to process large amounts of information.

7. Conclusion

Thus, in recent years, the quality of work of tax authorities has improved, communication with taxpayers has expanded, tax administration has improved, thanks to the active introduction of the latest methods of organizing the work of tax authorities. Undoubtedly, the development of more efficient, informational and accessible services for taxpayers plays an important role in this. In the process of interaction between the tax authorities and taxpayers, the introduction of the latest technologies in the work of the tax authorities helps the tax authorities to resolve tax disputes in order to prevent tax evasion by joint efforts.

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