Russian business tax operations policy: Management issues

Administración del Impuesto Sobre las Utilidades de sociedades: Práctica Rusa

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Contents
1. Introduction

ABSTRACT:
Purpose: revealing ways to improve the efficiency of the tax process through solving the issues of business tax operations in Russian companies. Any change in the legislation and tax policy has a serious impact on the activities and management of the business entity. Analysis of factors affecting profit tax revenue in Russian budget based on tax reporting data is a basis for improving the planning of on-site tax audit, document flow between tax legal entities, and changes in tax benefits.

Keywords: Profit tax of organizations, tax administration, tax control, effectiveness of tax policy

RESUMEN:
El objetivo: identificar áreas para aumentar la eficiencia del proceso fiscal mediante la nivelación de los problemas de la administración del impuesto sobre las utilidades de sociedades en Rusia. Cualquier cambio en la política fiscal tiene un impacto grave en la gestión de las organizaciones. El análisis de los factores que influyen en los ingresos del impuesto sobre las utilidades en el presupuesto de Rusia sobre la base de datos de informes fiscales es la base para mejorar la planificación de la auditoría fiscal in situ, la rotación de documentos entre entidades jurídicas fiscales y los cambios en los beneficios fiscales.

Palabras clave: impuesto sobre las utilidades de sociedades, administración fiscal, control fiscal, efectividad de la política fiscal.

1. Introduction

The existence of any state is connected with taxation. The profit tax is one of the revenues of the budget system and provides the government with the ability to perform its functions. To fulfill its economic, political, and social functions, the state needs some financial means, which it receives through taxes. The management of the economy, defense, law enforcement, medical care, education – this is not a complete list of state expenditures that need to be financed. Tax systems are formed under the impact of economic, political and social conditions. Over time, taxes have become an integral part of economic relations. Taxation of profit plays an important role in the tax and budget system of any state regardless of the model of its construction focused on direct or indirect taxation. The goal of any commercial organization is profit but not all tax systems include a "tax on the profit of organizations". Taxation of profit is carried out in all developed countries of the world taking the form of income tax or income of legal entities, or corporate tax.

Studying the experience of this or that country, it becomes possible to estimate the advantages and disadvantages of taxation, introduce changes in the current practice. The budget revenues from this tax in Russia are much higher than from similar incomes in other countries. The Russian practice involves the application of a single taxation rate. For example, in the United States, it is differentiated depending on the amount of income, in Canada – it depends on the region. The open-access digital material presented in the paper is collected and processed on various aspects of the topic, which is quite difficult for foreign readers to do themselves. It can be used as illustrative data, both by trainees and teachers of educational organizations.

In the Russian tax system, the profit tax of enterprises and organizations holds a valuable place. It serves as an instrument for redistributing the national income and is one of the main sources of revenue for the federal and regional budgets.

The scientific substantiation of the content and main conclusions of this work implies access to various sources reflecting the diversity of aspects of the problem (Panskov, 2016, Polyak, 2015), as well as some theoretical aspects of business tax operations as formation and organization of tax administration in Russia, forms and methods of tax administration (Mironova and Hanafeev, Dadashev and Lobanov, 2002; Goncharenko, 2009).
The purpose of the study is analyzing and solving the issues of profit tax regulation in Russia, to identify patterns and trends and to determine the ways to improve the efficiency of the tax policy.

The research questions include analysis and evaluation of:
the number of payers of tax on the profit of organizations;
the number of consolidated groups of taxpayers;
the number of payers applying special tax regimes;
the number of profitable and unprofitable profit tax organizations;
the taxable base for tax on the profit of organizations;
the amount of the accrued tax on the profit of organizations;
receipts of tax on the profit of organizations to the budget;
tax debt to the budget;
the results of in-house and on-site tax audit concerning the profit tax;
the share of additional charges for the profit tax of organizations in the total amount of additional charges.

2. Research background
Information on the increase in profits and, in general, on the results of the financial and economic activities of enterprises and individual entrepreneurs, was declared without fail by July 1st of the following accounting year.

In Russia, the transition process from the distributive mechanism of profit between the enterprise and the state budget to the tax system lasted from 1984 to 1990. At this time, there was an establishment of clear distribution rules (FinaSafe, 2018).

On December 27, 1991, the law "On the Profit Tax of Enterprises and Organizations" was adopted, according to which the payers were:
enterprises and organizations that are legal entities under the laws of the Russian Federation including enterprises established in the territory of the country with foreign investments, international associations and organizations engaged in entrepreneurial activities;
branches and other similar divisions of enterprises and organizations that have a separate balance sheet and current account;
companies, firms, any other organizations formed in accordance with the laws of foreign countries that conduct business in Russia through permanent establishments.

The object of taxation was gross profit reduced by such amounts as, for example, rental payments made for the budget from profit; income (dividends, interest) received on shares, bonds and other securities owned by the enterprise and others; and the gross profit increased by the amount of excess of labor costs for employees engaged in core activity as part of the cost of production in comparison with their normalized value (Sikka, 2017).

This law set the tax rate at 32%, and 45% for stock exchanges and brokerage offices, as well as for enterprises – on profit from intermediary transactions.

The current mechanism for calculating tax on the profit of organizations

Since 2001, the mechanism for calculating the profit tax has been regulated by Chapter 25 of the Tax Code of the Russian Federation. One can characterize the main elements of the tax.

Taxpayers for the tax on the profit of organizations are:
Russian companies.
Foreign companies that operate in the Russian Federation through permanent establishments and (or) receive income from sources in Russia.
Organizations that are responsible participants in the consolidated group of taxpayers, with respect to the tax on the profit of organizations concerning this consolidated group.
The consolidated group of taxpayers (CGT) is a voluntary association of income taxpayers on the basis of a contract for the purpose of calculating and paying this tax taking into account the cumulative financial result of their economic activity (Becker, 2013).

A CGT can be established by Russian organizations provided that one organization directly or indirectly participates in the authorized share capital of other organizations, and participation interest in each organization is at least 90 percent.

One participant is appointed as a responsible participant of the CGT. The responsible participant of the CGT carries out the calculation of the profit tax according to the CGT, timely submission of tax returns, payment of the tax. A CGT is formed for no less than two tax periods for the tax on the profit of organizations (Morar, 2015).

The object of taxation is profit received by a taxpayer defined as the difference between income and expenditure (Zodrow, 2010).

Income is an economic benefit in money and kind. It is evaluated and determined in accordance with the rules of Chapter 25 of the Tax Code of the Russian Federation. Revenues that are taken into account in profit taxation are subdivided into (ConsultantPlus, 2018):
income from sales: proceeds from the sale of own-produced or previously bought goods (works, services),
proceeds from the sale of property rights;
non-operating income: from share participation in other organizations; in the form of a positive (negative)
exchange rate difference; from the delivery of property (including land) for lease (sublease); in the form of
interest received on loan, bank account, bank deposit, etc.

Some reasonable (economically justified) and documented expenditures incurred by the taxpayer are recognized
as an expense. Expenses should be incurred for activities aimed at generating income.

3. Materials and methods
In the process of research, a vertical and horizontal analysis of the indicators of reporting forms was conducted,
according to the results of which conclusions were made about the effectiveness of the tax on the profit of
organizations.
The open-access digital material presented in the paper is collected and processed on various aspects of the
topic, which is quite difficult for foreign readers to do themselves. It can be used as illustrative data, both by
trainees and teachers of educational organizations.

For estimating the administration of the tax on the profit of organizations, the tax authorities' accounts for 2011-
2017 were analyzed. It is publicly available on the website of the Federal Tax Service of Russia (FTS): No 1-YR
Information about the work on state registration of legal entities, No 1-NM of the FTS "Report on the calculation
and receipt of taxes, fees and other mandatory payments to the budget system of the Russian Federation", No 2-
NK FTS of Russia "Report on the results of the control work of tax authorities (information about in-house and
on-site tax audit)", No 4-NM FTS "Report on tax arrears and fees, penalties and tax sanctions to the budget
system of the Russian Federation", No 5-P FTS "Report on the taxation base and the scheme of accounts on the
profit tax", No 5-CGT of the Federal Tax Service of Russia "Report on the taxation base and the scheme of
accounts on tax on the profit of organizations for consolidated groups of taxpayers", No 5-USN FTS "Report on
the taxation base and the scheme of accounts paid in connection with the simplified taxation system", No 5-
ESKHN FTS "Report on the taxation base and the scheme of accounts for the unified agricultural tax", No 5-ENVD
FTS "Report on the taxation base and the scheme of accounts for the unified tax on imputed income for certain
activities".

In order to calculate the income tax, one needs to determine the tax base and multiply it by the appropriate tax
rate (Cozmei, 2015).
The taxation base is considered an increment total from the beginning of the calendar year. With respect to
profits taxable at various rates, the taxation base is calculated separately. If the loss is taken while calculating
the base, the taxation base is considered equal to zero (Iwaisako, 2016).
The tax rate for tax on the profit of organizations is set at 20% (3% – to the federal budget, 17% – to the
consolidated budget of the constituent entities of the Russian Federation) unless the tax legislation provides
otherwise for certain categories of taxpayers. In addition to the basic rate of income tax, there are also special
rates.

The role of profit tax in the tax system and income of the budget of the Russian Federation
For an objective of the role estimation of the profit tax in the Russian budget system, the authors are going to
analyze the revenues of this tax to the federal budget and the consolidated budget of the constituent entities of
the Russian Federation in comparison with other taxes and fees. The profit tax receipts to the federal budget of
the Russian Federation for the past five years are on the fourth place coming short of such taxes as: tax on the
extraction of minerals, value-added tax and excise tax. At the same time, the share of the profit tax is constantly
growing. In 2017, it is higher than 2013-2014 by 1.7%, compared with 2015-2016 – by 1.2% (FTS of Russia,
2018).
The income tax receipts to the consolidated budgets of the constituent entities of the Russian Federation for the
past five years are on the second place after the personal income tax (FTS of Russia, 2018). Moreover, the head
of the Federal Tax Service of Russia (FTS) announced that the trends of growth of the profit tax have been
amounted to 1.6 trillion rubles or by 21% for 8 months of 2014 compared to 2013, despite the crisis in the
economy of the country. This trend continued in 2015-2017, which indicates the significant role of the profit tax
in the country's budget (Tax Bulletin, 2018).

4. Results
According to FTS of Russia, the trends of the number of payers of profit tax are characterized by the following
data (Table 1).

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>9 months 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of taxpayers (pcs.)</td>
<td>1,049,098</td>
<td>1,067,580</td>
<td>1,092,710</td>
<td>1,009,309</td>
<td>1,124,295</td>
<td>1,027,539</td>
</tr>
</tbody>
</table>
As follows from Table 1, in 2016, there was the largest number of taxpayers who have a general taxation regime and who are payers of profit tax. Compared to 2012, the number of taxpayers increased by 75,197, or 2.6%. For 2012-2015 years, there is a tendency to show that the number of taxpayers of income tax does not exceed 1,100,000, and their share in the total number of legal entities is 25%.

A similar situation could be for a number of reasons, in particular, due to the increase in the number of consolidated groups of taxpayers, the growth in the number of payers under special taxation regimes. The dynamics of the number of consolidated groups of taxpayers are presented in Table 2.

### Table 2
The number of consolidated groups of taxpayers for 2012-2017

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>9 months 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of CGT (pcs)</td>
<td>1,559</td>
<td>2,251</td>
<td>2,406</td>
<td>2,265</td>
<td>2686</td>
<td>2650</td>
</tr>
<tr>
<td>Share of CGT in the total number of legal entities (%)</td>
<td>0.034</td>
<td>0.048</td>
<td>0.052</td>
<td>0.047</td>
<td>0.056</td>
<td>0.055</td>
</tr>
</tbody>
</table>

It follows from the data that, in 2016, the number of CGT increased by 1.7 times or by 0.022% as compared to 2012.

The dynamics of taxpayers applying special tax regimes are characterized by the following data (Table 3).

### Table 3
The number of payers applying special tax regimes for 2012-2016 * years

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payers of the simplified tax system (pcs.)</td>
<td>1,210,374</td>
<td>1,283,665</td>
<td>1,314,471</td>
<td>1,430,331</td>
<td>1,451,787</td>
<td></td>
</tr>
<tr>
<td>Share of payers applying a simplified tax system in the total number of legal entities (%)</td>
<td>26.68</td>
<td>27.64</td>
<td>28.21</td>
<td>30.7</td>
<td>31.15</td>
<td></td>
</tr>
<tr>
<td>Payers of the unified agricultural tax (pcs.)</td>
<td>26,394</td>
<td>24,286</td>
<td>23,586</td>
<td>23,381</td>
<td>22,787</td>
<td></td>
</tr>
<tr>
<td>Share of payers of the unified agricultural tax in the total number of legal entities (%)</td>
<td>0.58</td>
<td>0.52</td>
<td>0.51</td>
<td>0.50</td>
<td>0.49</td>
<td></td>
</tr>
<tr>
<td>Payers of the unified tax on imputed income (pcs.)</td>
<td>393,201</td>
<td>351,778</td>
<td>333,813</td>
<td>313,384</td>
<td>290,072</td>
<td></td>
</tr>
<tr>
<td>Share of unified tax on imputed income in the total number of legal entities (%)</td>
<td>8.67</td>
<td>7.58</td>
<td>7.16</td>
<td>6.72</td>
<td>6.22</td>
<td></td>
</tr>
</tbody>
</table>

* no data for 2017 available

The data in Table 3 indicate a positive dynamics in the number of payers of the simplified taxation system. For 2012-2016 years, the minimum number of participants in this special regime was registered in 2012 – 1,210,374, and the maximum in 2015 – 1,451,787, i.e. it has increased by 1.2 times. The number of taxpayers of the unified agricultural tax has been steadily decreasing since 2012 – 26,394 until 2016 – 22,787 by 3,607 or 0.86 times. The share of payers of the unified agricultural tax in 2012 amounted to 0.58%, and in 2016 – 0.49%, i.e. the decrease in the share of payers of the unified agricultural tax from 2012 to 2016 was by 0.09%. The number of payers of the unified tax on imputed income also decreases from 2012 to 2016 from 393,201 to...
290,072, i.e. by 103,129 or 0.7 times. Their share among legal entities also decreased from 8.67% in 2012 to 6.22% in 2016, i.e. the overall decrease in the share of payers of the unified tax on imputed income from 2012 to 2016 was 2.45%.

An important role for budget revenues in terms of the tax on the profit of organizations is the financial status of organizations. The authors here are going to access the profitability of organizations paying tax on profits (Table 4).

Table 4
The number of profit-making and unprofitable organizations for 2012-2017

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>9 months of 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profitable enterprises (pcs.)</td>
<td>899,724</td>
<td>928,125</td>
<td>954,531</td>
<td>973,159</td>
<td>1,001,244</td>
<td>906,658</td>
</tr>
<tr>
<td>Share of profitable enterprises in the total number of payers of income tax (%)</td>
<td>85.76</td>
<td>86.94</td>
<td>87.35</td>
<td>87.76</td>
<td>89.05</td>
<td>88.23</td>
</tr>
<tr>
<td>Loss-making enterprises (pcs.)</td>
<td>149,374</td>
<td>139,455</td>
<td>138,179</td>
<td>135,674</td>
<td>123,051</td>
<td>120,881</td>
</tr>
<tr>
<td>The share of unprofitable organizations in the total number of payers of income tax (%)</td>
<td>14.24</td>
<td>13.06</td>
<td>12.65</td>
<td>12.24</td>
<td>10.95</td>
<td>11.77</td>
</tr>
</tbody>
</table>

The number of profitable organizations is much more than unprofitable ones; for example, in 2016, the number of unprofitable enterprises was less by 878,193 or 12.3 times less than profitable organizations. In general, the share of profitable organizations for 5 years varies from 85% to 89%, and loss-making organizations from 10% to 14%. That is, changes in the ratio of the number of profitable and unprofitable payers remain approximately at the same level.

The accounts of Russian FTS make it possible to determine the general taxation base for income tax (Table 5).

Table 5
The taxation base for profit tax for the period 2012-2017 (thousand rubles)

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>9 months of 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>The taxation base</td>
<td>10,843,404,343</td>
<td>9,882,621,713</td>
<td>9,943,261,996</td>
<td>12,277,908,806</td>
<td>17,427,323,494</td>
<td>10,107,463,517</td>
</tr>
</tbody>
</table>

The taxation base for profit tax decreased in 2013 and 2014. Since 2015, there has been a positive trend. Thus, in 2016, compared to 2015, the taxation base increased by 5,149,414,688 thousand rubles. The growth rate is 142%.

The amounts of the accrued profit tax payable to the budget of the Russian Federation are characterized by the following data (Table 6).

Table 6
The amount of the accrued tax on the profit of organizations for 2012-2017 (thousand rubles)

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>9 months of 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount</td>
<td>2,451,892,489</td>
<td>2,036,350,362</td>
<td>2,305,891,628</td>
<td>2,628,129,392</td>
<td>2,592,269,384</td>
<td>1,984,622,111</td>
</tr>
</tbody>
</table>

The amount of the calculated profit tax is approximately at the same level for five years. In 2012, the tax amounted to 2,451,892,489 thousand rubles, and in 2016 – 2,592,269,384 thousand rubles in 2016 compared to 2012, the assessed amount of tax increased by 1.06 times only.
However, the amount of assessed and paid profit tax is often different for a number of reasons. The receipt of the tax on the profit of organizations is shown in Table 7.

### Table 7
The receipts of tax on the profit of organizations in 2012-2017

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax amount (thousand rubles)</td>
<td>2,355,410,683</td>
<td>2,071,665,753</td>
<td>2,372,842,854</td>
<td>2,598,848,206</td>
<td>2,877,100,235</td>
<td>6,403,234,505</td>
</tr>
<tr>
<td>The share of the received amount from the</td>
<td>96.07</td>
<td>101.7</td>
<td>102.9</td>
<td>98.9</td>
<td>96.5</td>
<td>113.2</td>
</tr>
<tr>
<td>assessed amount of profit tax (%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


The receipts of the profit tax, like its accrual, are stable throughout the period under review. In addition to the above, there is a slight excess of the amount of tax received over the accrued one.

The taxpayers have annual tax liabilities by reason of either financial inability to pay tax, or because of violation of the payment deadlines. It has a tendency for decreasing and increasing (Table 8).

### Table 8
Tax liabilities for 2012-2017 (thousand rubles)

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount due and</td>
<td>174,982,096</td>
<td>165,602,075</td>
<td>137,746,137</td>
<td>113,584,952</td>
<td>135,735,784</td>
</tr>
<tr>
<td></td>
<td>payable</td>
<td>165,602,075</td>
<td>137,746,137</td>
<td>113,584,952</td>
<td>135,735,784</td>
<td>100,227,473</td>
</tr>
</tbody>
</table>


Tax liabilities basically tend to decrease. Thus, in 2017, compared to 2012, it decreased by 7,407,540,623 thousand rubles or by 57.28%. In 2016, compared with 2015, there was an increase in debt.

The tax receipts to the budget depend on inspections of tax authorities. It involves a number of activities, including in-house and on-site tax audits (Russian Ministry of Finance, 2018). The results of the work are presented in the form No 2-NK of the Federal Tax Service of Russia "Report on the inspections results of tax authorities (information about in-house and on-site tax audits)". However, in recent years, this report is not available in full; in particular, there is no information on inspections and their results concerning taxes. However, it is known that in 2013, there were by 254,383 office tax audits more than in 2012 or by 1.04 times more, and in 2015 by 141,782 audits or 1.02 times more than in 2013. In this case, the number of violations detected during the inspection is reduced, i.e. office tax audits and revealed violations are inversely proportional in this situation. The share of violations of profit tax in 2012 amounted to 3.02% of the total number of office tax audits, in 2013 – 2.76% and in 2015 – 1.52%.

The number of on-site tax audits in 2013 compared to 2012 decreased by 9,810 inspections or by 26.19%, and in 2015 compared to 2013 decreased by 6,805 or 24.61%. The number of violations detected during on-site inspections also tends to decrease. Thus, in 2013, compared to 2012, the number of violations decreased by 7,840 or 28.5%, and in 2015 compared to 2013 – by 5,543 or 28.18%. In this case, the number of inspections conducted is directly proportional to the number of violations identified (FTS of Russia, 2018).

One can see from the analysis that the number of office tax audits is increasing, and the number of on-site tax audits is decreasing, but both types of control contribute to reducing violations.

During office tax audits and on-site tax audits, some additional payments are made (Dessí and Piccolo, 2016). Additionally, some amounts can accrue: the amount of the tax itself, which was originally calculated incorrectly; the amount of penalties and fines for late filing of the declaration, late payment of tax, and violation of legislation on taxes and fees (Beer and Loeprick, 2017). When carrying out office tax audits, a greater amount of additional charges falls on the tax – this is more than 90%. There is no specific tendency to reduce or increase the tax accrual; in 2013, there is a decrease of 424,628 thousand rubles or 0.96 times compared to the previous year, and in 2015, compared to 2013, there is an increase in the additional charge of 586,703 thousand rubles or 1.06 times. As regards the fines, the opposite is true. Annually, the additional accrual of penalties for the profit tax is
reduced, so in 2013, the penalties amount decreased by 53,573 thousand rubles or 0.77 times compared to the previous period; in 2015, compared to 2013, the penalties amount decreased by 46,197 thousand rubles or by 0.74 times. With the amount of accrued fines, there is also an ambiguous situation. In 2013, there is an increase of 59,058 thousand rubles or 1.11 times compared to 2012, and in 2015, compared to 2013, a decrease of 24,806 thousand rubles or 0.96 times. If one considers the additional accrual in ascending order, then the penalties are the smallest amount among the remaining additional charges, and the tax amount is the highest one. In general, the share of additional charges for office tax audit in 2012 was 8.52%, and 10.42% in 2015. When conducting on-site tax audits, a large amount of additional charges is tax – more than 70%, penalties – 12-13%, penalties – 9-10%. Some additional charges to tax have a tendency to change – from 2012 to 2013 there was a decrease in the amount of accrual by 19,835,969 thousand rubles or by 24.4%, and in the period from 2013 to 2015, an increase – by 2,644,698 thousand rubles or 4.3%.

The authors are going to summarize information about tax on the profit of organizations (Table 9).

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
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<th>2017</th>
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<td>17,427,323,494</td>
</tr>
<tr>
<td>Charged</td>
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<td>2,036,350,362</td>
<td>2,305,891,628</td>
<td>2,628,129,392</td>
<td>2,592,269,384</td>
</tr>
<tr>
<td>Receipt</td>
<td>2,355,410,683</td>
<td>2,071,665,753</td>
<td>2,372,842,854</td>
<td>2,598,848,206</td>
<td>2,877,100,235</td>
</tr>
<tr>
<td>Debt</td>
<td>174,982,096</td>
<td>165,602,075</td>
<td>137,746,137</td>
<td>113,584,952</td>
<td>135,735,784</td>
</tr>
</tbody>
</table>

Calculated by the authors on the basis of data from Forms of statistical tax reporting, by FTS of Russia, 2018, retrieved from http://www.nalog.ru/rn72/related_activities/statistics_and_analytics/forms/.

5. Discussion

The role of tax on the profit of organizations is significant for both the tax agency and the budget system of Russia. The significance for the Russian budgetary system is expressed in the fiscal role of the profit tax, namely, in the receipt of this tax. The share of income tax in other taxes in the federal budget is, on average, 6.8%, in the consolidated budget of the constituent entities of the Russian Federation – 30%, on average. However, the significance of this tax is confirmed by additional charges, which account for 26.9%, as well as a decrease in debt by 29.37% over the last 5 years. The received losses will be written off in the future when profits are received by non-profitable taxpayers. The significance for the tax system is expressed in the regulatory role of the profit tax. In this case, the regulatory role implies the extension of its actions to both taxpayers and tax authorities (Gungoraydinoglu et al., 2017). The culture enhancement among taxpayers can be seen in reducing the number of violations detected during tax inspections; in reducing the amount owed to the budget. Improvement of the work of tax authorities can be seen in the increase in amounts received under the profit tax, in the increase in the additional charges for on-site tax audit, etc. (Laplante and Nesbitt, 2017).

Despite the constant implementation of changes to the first and second chapters of the Russian Federation's tax code and reduction of the tax burden on taxpayers, there are still a number of problems and shortcomings that should be corrected for a more perfect economic development of the country.

Stimulation of the economy can be achieved by expanding the rights of the subjects of the Russian Federation, providing all the necessary tools for pursuing economic development policies (Konrad, 2011). For example, for new industrial enterprises ("greenfields"), it is necessary to introduce some additional benefits within the limits of the total volume of capital expenditures carried out by them aimed at reducing the tax burden and facilitating the development. However, this decision for exemption possibility should be made by the subjects of the Russian Federation. In addition to preferential treatment in the Russian regions, it is necessary to introduce a 0% tax rate on income tax that goes to the federal budget. The difference is that the tax burden, in the form of profit tax, will be distributed throughout the territory of Russia, and not in a separate entity for newly created enterprises of the industry.

It is also possible to introduce a number of preferences for profit tax, which will provide a more comfortable tax regime for special investment contracts (Masso et al., 2013).

With respect to the profit tax, it is possible to pay only quarterly advance payments on the basis of the results of the reporting period, if the organization did not exceed 15 million rubles of the income from sales for the last 4 quarters. In order to support organizations in diverting working capital for advance payments concerning tax on the profit of organizations within the quarter, as well as to reduce the administrative burden on the business and...
Concerning the improvement of tax on the profit of organizations, it is necessary to consider the improvement of the consolidated group of taxpayers. In order to ensure the stability of tax conditions for doing business, it is necessary to extend the restriction on the establishment of CGT, as well as to refine the current mechanism of CGT in a number of areas (Devereux et al., 2015).

The reasons for these changes are: frequent using of CGTs and, as a consequence, a significant decrease in the revenues of regional budgets, as well as uncertainty in planning the budgets of the subjects of the Russian Federation.

More specifically, it is necessary to ensure that official bodies of treasury authorities have access to certain information about taxpayers who are part of a CGT, which currently are bound by official secrecy. This will allow taking into account the actual and forecast data on the redistribution of the tax base when forming budgets of the subjects of the Russian Federation. It is important to emphasize that this is not about access to the tax registers of participants in the CGT and the participation of the authorities of the constituent entities of the Russian Federation in tax control over the activities of taxpayers belonging to groups. It is proposed to fix a limited list of indicators (for example, data of tax returns on profit tax of organizations participants group including indicators of income and expenses for individual participants), on the basis of which budget planning is carried out; to introduce restrictions on the frequency of changes in the composition of participants in a CGT. In particular, to determine that the group should be created for a period of not less than 5 years, new participants cannot be excluded from it earlier than 5 years after inclusion, and the excluded participants cannot be included back in the group earlier than 5 years after exclusion (Dowd et al., 2017). At the same time, it is necessary to provide for mechanisms preventing the circumvention of proposed restrictions through the reorganization procedures of organizations (merger, spin-off, liquidation, etc.) – to amend the rules of tax control for transfer pricing for intra-Russian transactions aimed at mitigating them in cases where the application of transfer prices do not lead to a serious redistribution of the taxation base between the regions.

6. Conclusions

One of the problems that lead to the shortfall in the profit tax in the budget of the Russian Federation is the complex system for calculating it. The need to maintain a parallel accounting system (financial and tax) leads not only to a decrease in the effectiveness of tax control but also to the fact that many tax preferences do not promote the stimulation of economic activity in certain priority activities determined by the state. It requires from tax authorities a fairly laborious procedure to study the existing tax system in the organization and assess its compliance with the requirements of tax legislation. To simplify the reporting system for profit taxation, it is necessary to minimize the number of differences between tax and accounting procedures.

Prospective directions for further research can be the following ones: minimization of the amount of tax – assumes the choice of such methods of tax accounting, which give a minimum value of the tax base, i.e. revenue recognition – marginally, and costs – to the fullest; the postponement of tax payment is to select such methods of tax accounting that allow recognizing the taxation base at the latest possible moment. The first direction is connected with the formation of permanent tax differences, the second – temporary ones. At the same time, norms leading to temporary tax differences should be prescribed in any format giving the possibility for taxpayers to determine the terms of recognition of income and expenses themselves. The possibility of earlier or later recognition of income and expenses will not reduce the effectiveness of tax on the profit of organizations. At the same time, this will significantly reduce the complexity of the accounting process.

Another way of follow-up research may be the justification for the distribution of income between budgets of different levels. To strengthen the rights and responsibilities of local authorities, it is efficient to restore that part of the rate of deductions from the tax on the profit of organizations that was charged to the budgets of municipal entities. It seems appropriate to establish the right of regional authorities to reduce the rate of deductions from the tax on the profit of organizations to the budgets of the constituent entities of the Russian Federation up to complete exemption from payment.

The measures to improve the tax administration of profit tax will help to strengthen the revenue base of budgets of all levels and increase the efficiency of the tax on the profit of organizations as a tool for regulating and stimulating economic activity.

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