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Research Article

**PRINCIPLES AND TECHNOLOGIES FOR IMPROVING THE  
PROCESS OF STRENGTHENING TAX DISCIPLINE**Vladimir Kuzmenko<sup>1</sup>, Khadzhimurad Khalimbekov<sup>2</sup>, Elena Karakaeva<sup>3</sup>, Irina Kuzmenko<sup>4</sup>,  
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**Article Received:** January 2019**Accepted:** February 2019**Published:** March 2019**Abstract:**

*The article notes the need to improve the current fiscal system of the Russian Federation due to the difficult external economic situation caused by the announced sanctions from the United States and the leading countries of Western Europe. One of the most important reserves here is the strengthening of tax discipline among business entities and the public. The proposed principles and technologies for coordinating the economic interests of the state and taxpayers are based on the formation of an open information space, mutual trust of controlling bodies, economic entities and the population.*

**Keywords:** *fiscal system, economic sanctions, principles and technologies, tax discipline, business entities, population.*

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**INTRODUCTION:**

Ensuring the sustainability of tax revenues in the budget system of the Russian Federation acquires in modern conditions of particular importance. This is due to the instability of the economic situation due to the imposition of sanctions by the United States and the European Union countries, ousting Russian companies from the world market. Trends in the formation of the budget deficit trigger a lack of sources of financing public spending.

In view of the current economic and political situation, Russia faces the task of strengthening the fiscal system, which can only be solved by increasing the level of tax discipline and creating an effective system of interaction between economic agents in the fiscal sphere. In addition, at present, to ensure the completeness and timeliness of tax revenues to the budget system, along with the reduction of opportunities for tax evasion, it is necessary to increase the level of taxpayer satisfaction with the conditions for the fulfillment of their tax duties [2, 4]. This predetermines a change in the existing relationship between tax authorities and taxpayers. The priority in the work of the tax service of the country is to build a systematic, client-oriented approach to the organization of interaction with individuals and legal entities. The form of relationships based on a combination of principles of partnership and mutual responsibility increases the motivation of taxpayers to properly fulfill their tax obligations and is one of the conditions for strengthening tax discipline.

The client-oriented approach currently being introduced into the work of tax authorities with legal entities and individuals, based on mutual trust, partnership and interactive service, leads to increased interaction between the subjects of tax relations, brings it to a qualitatively new level. This transforms work with taxpayers into an independent direction of tax administration, designed to help improve the set

of indicators of the state of tax discipline: firstly, increase the level of legal and tax literacy of the population, secondly, the formation of taxpayer responsibility for paying taxes; thirdly, the improvement of the conditions for the fulfillment by the taxpayers of the obligation to pay taxes; fourth, the increase in the quality of service technologies introduced into the practice of interaction between tax authorities and taxpayers [7, 8].

The above confirms the special relevance of building trust relationships in the system of “tax service - taxpayers”. Consequently, in modern conditions it is necessary to supplement the composition of the functions of tax administration with the function of “organizing interaction with taxpayers”.

In this regard, in our opinion, the approach based on the rejection of the hypothesis of constancy of the principles of taxation, based on implicitly expressed assumptions, seems to be productive. The analysis is proposed to be carried out using basic models of tax relations with clearly defined provisions.:

- a) the priority of achieving a positive dynamics of tax revenues in the budget system of the country;
- b) reasonable stability of the tax burden;
- c) openness of information on the distribution and use of budgetary resources formed from tax revenues;
- d) the constant coordination of the economic interests of the state and taxpayers;
- e) trust between the tax authorities and taxpayers.

Our analysis of well-known theoretical developments in the field of formation of an optimal tax policy, as well as the results of existing practice in this field, allows us to distinguish two basic principles of taxation that affect the behavior of taxpayers - benefits and solvency [3, 6]. At the same time, it is necessary to take into account the specifics of the taxable base, the magnitude of the costs of tax administration, and the regulatory role of the state (Figure 1).

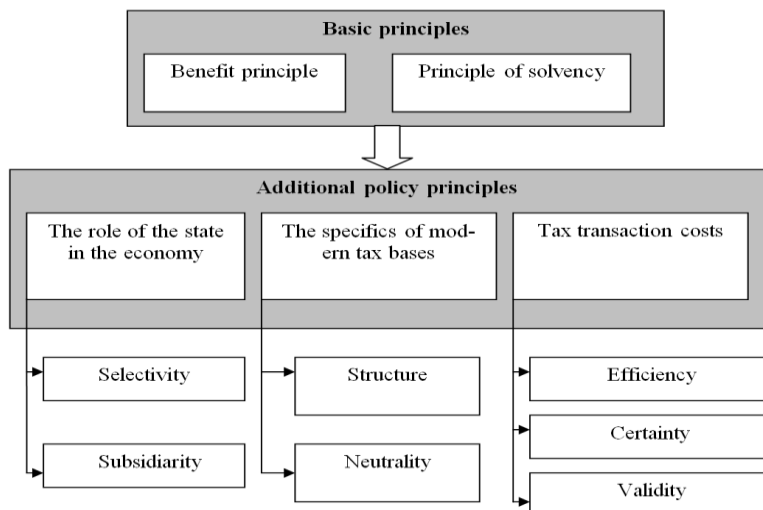


Figure 1: The system of principles of taxation in assessing the behavior of the taxpayer and the state of tax discipline

Thus, the successful implementation of the considered principles and proposals requires an in-depth study of the impact of fiscal policy of the state on the possible behavior of taxpayers. However, as evidenced by the Russian experience of transforming economic relations between economic agents, the use of only neoclassical principles in this case is not enough. It is necessary to clarify the concept of tax rationality taking into account the factors of time, information, transaction costs and a number of other elements.

Standard tools for analyzing the behavior of taxpayers, including those proposed by the theory of

optimal taxation and involving extensive use of mathematical methods, can be used to study the processes of strengthening tax discipline [1, 5]. At the same time, it is necessary to take into account the existing restrictions imposed by social institutions, which is possible to implement in the framework of the principles of neoinstitutionalism, according to which their analysis is possible using standard economic tools and real statistical data. In the period 2013-2017, tax revenues in the budget system of the Russian Federation ranged from 15.7 to 18.3% in the structure of GDP (Table 1).

Table 1: Revenues of the main taxes to the federal budget,% of GDP

Indicator	2013	2014	2015	2016	2017	2017/2013, % GDP
Revenues, total	18,3	18,3	16,4	15,7	16,4	-1,9
Oil and gas revenues from them:	9,2	9,4	7,0	5,6	6,5	-2,7
MET	3,5	3,6	3,7	3,3	4,4	0,9
Export duties	5,7	5,8	3,3	2,3	2,1	-3,6
Non-oil and gas revenues, of which:	9,1	8,9	9,4	10,1	9,9	0,8
Corporate profit tax	0,5	0,5	0,6	0,6	0,8	0,3
VAT on goods sold in Russia	2,6	2,8	2,9	3,1	3,3	0,7
VAT on goods imported into the territory of the Russian Federation	2,4	2,2	2,1	2,2	2,2	-0,2
Excises on goods produced in the Russian Federation	0,6	0,7	0,6	0,7	1,0	0,4
Excises on goods imported into the territory of the Russian Federation	0,1	0,1	0,1	0,1	0,1	0
Import duties	1,0	0,8	0,7	0,7	0,6	-0,4
Export duties	0,2	0,2	0,1	0,0	0,0	-0,2
Other income	1,7	1,6	2,3	2,7	1,9	0,2

At the same time, the share of corporate income tax during the period under review was evolutionarily increased. The share indicators of value added tax and excise taxes on goods produced and sold in the domestic market also increased. Indirectly presented dynamics indicates the presence of tendencies to strengthen tax discipline among business entities.

In 2017, the total federal budget revenues increased by 0.7% in GDP relative to 2016. Due to the continued tax maneuver in the oil and gas sector, the growth in budget revenues from the mineral extraction tax fully compensated for the decline in export customs revenue. At the same time, the share of oil and gas revenues in 2017 decreased by 2.7% compared to 2013.

The volume of non-oil and gas tax revenues of the federal budget in 2017, compared to 2016, increased in terms of tax revenues of organizations' profit and value-added tax on goods sold in the territory of the Russian Federation, as well as on excise taxes on goods produced in the territory of the Russian Federation. At the same time in 2017. The volume of import customs duties decreased by 0.1% of GDP relative to the level of 2016.

The increase in revenues from the tax on the profit of organizations credited to the federal budget is partly due to the centralization of the tax rate in 2017 with the subsequent redistribution of income received in the form of subsidies to equalize the budget provision of regional budgets.

Non-tax revenues of the federal budget in 2017 declined by 0.8% in GDP to the level of 2016. This decrease is due to the lack of significant revenues from state ownership, unlike the level of 2016, when the volume of this category of income increased significantly.

The data in Table 1 indicate the unstable stability of the fiscal system of the Russian Federation under the conditions of announced sanctions from the leading foreign countries. Meanwhile, the strengthening and long-term preservation of economic pressure on large and medium-sized Russian companies can lead to imbalances in the domestic market, to an increase in the size of its informal sector, to a decrease in the level of tax discipline and revenues of the consolidated budget.

Effective coordination of the economic interests of the state and taxpayers is possible only in the context of the formation and implementation of a special organizational and economic mechanism for strengthening tax discipline. It can be created in the short term, but it is necessary to improve and develop it in stages, according to the nature of the reaction of taxpayers and the economic complex as a whole.

The organizational and economic mechanism of strengthening tax discipline can be represented as consisting of the following main parts: directions, tools, objects of impact, processes (Table 2).

Table 2: Components of the organizational and economic mechanism for strengthening tax discipline

Directions	Instruments	Impact objects	Processes
Administrative and managerial	Getting information from sources of income and counterparties	Deliberately violating the tax laws of the enterprise and citizens	Repayment of debt to the budget and extra-budgetary funds
	Withholding tax at source		
	Reduction in the list of benefits, deductions and discounts	Taxpayers violating the law unknowingly	Elimination of tax reporting violations
	Improving the control work of the tax authorities	One-day firms, deliberate bankruptcy	Reduction in tax evasion
Economic and Legal	Improving law enforcement practice	Formally registered and declaring the absence of entrepreneurial activity	Legalization of objects of taxation and exit of taxpayers from the shadow segment of the economy
	Unification of the tax monitoring system		
	Improving the mechanism of tax benefits	Challenging provisions of tax legislation taxpayers	Reducing the amount of tax charges
	Modernization of the system of tax sanctions	Financially unstable companies	Achieve solvency level

Socio-psychological	Formation of a transparent system of interaction between taxpayers and tax authorities	Newly created organizations and non-tax culture citizens	Motivation for timely payment of taxes
	Training of employees of tax inspections in customer-oriented methods of working with taxpayers	Disputed provisions of the current legislation taxpayers	Reducing the tax arrears
		Individuals	Elimination of negative manifestations of communication with employees of tax authorities
Information and consulting	Conducting training workshops	Taxpayers legal entities and individuals	Reducing the number of mistakes in tax reporting
	Presentation of information on the websites of the tax authorities		Reducing transaction costs for tax administration
	Improving the qualifications of employees of the departments for work with taxpayers in tax inspections		Improving the efficiency of interaction with tax authorities

Among the directions of improving tax policy, it is necessary to single out administrative and managerial, economic and legal, socio-psychological, information and consulting. All of them are equivalent in terms of their impact on businesses and individuals, commercial and non-profit organizations, residents and non-residents, since they are aimed at increasing the general level of tax discipline. The sectoral affiliation of subjects of taxation in this case has significant differences and will vary from the agrarian sector to the industrial and non-productive organizations.

Objects of influence can be structured as follows: deliberately and unknowingly violating tax laws, initiating intentional bankruptcy, formally registered and declaring lack of entrepreneurial activity, challenging tax legislation provisions, financially unstable companies, newly created organizations and citizens who do not have a sufficient level of tax culture, physical and legal faces. Tools used in strengthening tax discipline can have a different nature: legal, organizational, informational, educational, methodical, etc. The greatest effect can be achieved only through their combined use and rational orientation to specific types of objects of influence.

### CONCLUSION:

The implementation of the proposed organizational and economic mechanism for strengthening tax discipline will encourage taxpayers to cooperate with government bodies in the public interest. In the conditions of mutual trust, in the short term, it is possible to form clear and understandable rules for

the benefit of prospective and socially significant business entities for the country, to eliminate the use of instruments of coercion and authority pressure. The availability and openness of information will provide the effect of balancing the interests of the parties to tax relations, when inspections and sanctions become not the rule, but the exception and a tool to achieve legal compliance in the activities of newly established companies and those undergoing economic development.

The final result of the introduction of administrative, managerial, economic, legal, socio-psychological and informational and consulting innovations in tax policy will be an increase in the general level of the tax culture of the society. This will significantly reduce the size of the shadow sector of the country's economy, strengthen the sustainability of the structure-forming sectors of the economic complex in the context of increasing economic pressure on the Russian Federation by leading foreign countries.

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