

TAX POLICY OF RUSSIA AS AN ELEMENT OF INSTITUTIONAL ENVIRONMENT FOR ENTREPRENEURSHIP: A BRIEF RETROSPECT AND PROSPECT

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Abstract

The state of the institutional environment depends largely on the level and development of innovative economy, including entrepreneurial activity of economic agents.

The most important element of the institutional environment of entrepreneurship development in the country is the tax policy of the state that can have fiscal and regulatory focus. The tax policy of the Russian Federation is very dynamic; it has undergone significant changes over the past two decades.

The purpose of this study is to analyze the main directions of tax policy of the Russian Federation, influencing on the state and development of entrepreneurial activity in the country.

The article provides a brief retrospective analysis of the tax policy of the Russian Federation for the period from 1998 to the present. The article describes the main fiscal stimulus measures introduced in the period from 1998 to 2008 Also reflected the perspective of development of the domestic fiscal policy that emerged in 2009, reflected in the strengthening of its fiscal component and a increase in the tax competence of the subjects of the Russian Federation.

In the article the conclusion about the reduction of the expansionary orientation of fiscal policy and on strengthening the fiscal function of tax policy in connection with the growth of the budget deficit. The study also concluded that redistribution of the tax burden and its growth in the sphere of consumption and in industries such as trade, public catering and consumer services. The article noted the trend of growth of tax risks for entrepreneurs.

Keywords: institutional environment, fiscal policy, expansionary fiscal policy, the fiscal stimulus measures, discretionary and non-discretionary fiscal policy, automatic stabilizers.

1. INTRODUCTION

One of the priorities of the strategic development of the Russian Federation is to increase the competitiveness of its economy. Increasing the competitiveness of the regional economy depends on the

correct choice of its model and on the competent allocation of priority areas that have the development potential. The formation of regional clusters in Russia refers to priorities that give an opportunity to obtain a positive effect from combining the efforts of business, authorities, subjects of investment and innovation. Entrepreneurship is the driving force of the economy, including the process of clustering.

The main task of the modern state was to create an institutional environment conducive to the development of entrepreneurship, the private sector and the growth of the middle class. Among the factors of the institutional environment that significantly affect entrepreneurship, it is necessary to identify factors related to the regulatory function of the state. These factors include the budget and tax policy of the state.

Deficiencies of fiscal institutions of economic regulation give rise to many problems in the social environment of entrepreneurship. Thus, the dynamics of the institutions of tax regulation has a direct impact on the level of development of entrepreneurship in the Russian Federation and innovative processes in the economy.

2. RESULTS AND DISCUSSIONS

The tax system is one of the most important tools for state regulation of the economy and social processes. Tax benefits relate to methods of state regulation and have dualistic effects on the economy. Tax benefits lead to a reduction in the volume of state revenues (Shakirova, R. K., 2015, pp. 146-156), but they affect the quality of the institutional environment of entrepreneurship in the country (Shakirova, R. K., 2016, pp. 63-75; Shakirova, R. K., 2016, pp. 287–302).

The effectiveness of the tax system of the Russian Federation depends on adherence to the principles of fiscal federalism (Shakirova R. K., Vanyukova R. A. 2016, pp. 266-270; Shakirova, R. K., 2015, pp. 100-105). The use of the regulatory potential of the tax system and tax benefits is the basis for effective management of the economy, public finances and investments (Shakirova, R. K., 2015, pp. 89-92).

The active use of the stimulating functions of the tax system has a significant impact on the incomes of the regional budgets (Shakirova, R. K., 2015, pp. 86-92), as well as on the state of the institutional environment for the development of entrepreneurship (Shakirova, R. K., 2014, pp. 171–183). Unreasonable increase in the tax burden, cancellation of tax benefits may lead to an increase in the tax risks of enterprises (Stafiyevskaya, M. V., 2015, pp. 53-58; Stafiyevskaya M. V., Nikolayeva L. V., Kreneva S. G., Shakirova R. K., Semenova O. A., Larionova T. P., Filyushin N. V., 2015, pp. 127-136; Stafiyevskaya M. V., Sarycheva T. V., Nikolayeva L. V., Vanyukova R. A., Shakirova R. K., Ryzhova L. I., Arutyunyan S. M. and Norkina K. V ., 2016, pp. 1776-1779).

Decisions on changes in the tax policy of the state should be made with due regard for the possible impact on the socio-economic development of the territories (Shakirova, R. K., 2016, pp. 28-47; Shakirova R. K., Kurochkina N. V., Nikolayeva L. V., 2016, pp. 261-265).

The application of methods of tax regulation directly affects the development of small business (Shakirova, R.K., 2017, pp. 638-641; Shakirova R. K., Kurochkina N. V., Nikolayeva L. V., 2016, pp. 228-233). Successful business functioning is possible only with a relative stability of tax policy (Shakirova, R.K., 2017, pp. 642-644).

The methods of discretionary fiscal policy, applied in Russia since 1998, expressed in the manipulation of tax burden on taxpayers, are the methods of expansionary (stimulating) fiscal policy. The reduction of the level of tax burden positively affected the country's economy. In the period from 1998 to 2008, a number of measures were undertaken, which had principles of tax incentive:

- ordering the list of taxes and fees;
- reduction of the basic tax rates for income tax to 20%, as well as an increase in value-added tax to 18%;
- introduction of Unified Social Tax with a regressive scale of rates and an increase in maximum tax rates to 26%;
- establishment of proportional individual income tax with basic rate 13% (despite numerous disputes, this measure contributed to the legalization of income of the population and general stabilization of income taxation);
- introduction of transport tax, replaced a number of tax payments,
- establishment of a system of special tax regimes, etc.

The stimulating fiscal policy, combined with other measures of state regulation, had a positive economic effect. However, the methods of discretionary policy should be combined with the methods of non-discretionary fiscal policy that uses in-built stabilizer as a system of progressive taxation as one of its main methods. In the world practice this method is applied in income taxes on individuals and corporations.

In the domestic tax system, the mechanism of built-in stabilizers does not work, because progressive tax rates are applied only for transport tax. For individual property tax, the progressive method of taxation is gradually canceled in connection with the transition to a new way of determining the taxable base.

At the same time, it should be assumed that progressive profit taxation of organizations in Russia today is inadvisable, because it will have a depressing effect on business. The introduction of progressive tax on individual income without significant negative consequences is possible only on condition that the gap between the levels of the scale of tax rates will be insignificant.

Effectiveness of build-in stabilizers depends on susceptibility of taxes to changes of Gross Domestic Product's level. It must be taken into account that establishing of the progressive method of taxation can have an impact on the level of stability which has been achieved automatically, although build-in stabilizers are able only to decrease, but not to eliminate, negative effects of inflation.

Starting from 2009, there has been the curtailment of expansionary fiscal policy, following facts are pointing at it. In 2009 the decision to cancel unified social tax and its change by obligatory payments to non-budgetary funds. The payments' rates in total appeared to be 30 % higher than the regular rates of Unified social tax. Moreover, in the connection with optimization of tax expenses of the budget in the period from 2009 to 2014, a number of organization's tax property benefits and land tax benefits were cancelled.

Amendments were made to the tax legislation on property tax of organizations (in terms of increasing the tax burden on real estate objects in the sphere of trade, public catering and consumer services). This change also affected the subjects applying special tax regimes: a simplified taxation system and a taxation system in the form of unified tax on imputed income for certain types of activities. The listed persons can lose the right to exemption from payment the property tax on real estate objects, if the region decides to calculate the tax based on the cadastral value of real estate.

In 2013, increasing coefficients of transport tax were introduced for high-priced cars. At the end of 2014, the law about putting Chapter 32 of Tax Code of the Russian Federation "Individual Property Tax" into execution was enacted. The provisions of the Chapter 32 presuppose a general increase in the level of taxation of individuals' property that will start in 2020. The establishment of a local trade fee by the new chapter 33 of Tax Code, despite the inadequate elaboration of provisions of this chapter, also confirms the attempts to change the vector of the tax policy in the direction of increasing its budgetary effectiveness. Since 2017, Chapter 34 of Tax Code of the Russian Federation "Insurance Contributions" has come into force.

These amendments have brightly expressed fiscal nature and are aimed at reduction of the budget deficit and off-budget funds. The regulatory aspect of the amendments is also obvious: the tax burden is redistributed, intensifying the sphere of consumption and sectors like trade, public catering and consumer services. At the same time, the expediency of a general increase in the fiscal press in relation to the listed industries is controversial, because in this case it is necessary to take into account the heterogeneity of the country's regional development, in particular, the weak development of services in peripheral territories. Currently, the authority to introduce real estate tax, calculated on the basis of cadastral value, is assigned to the territorial executive authorities. It increases the volume of tax authority of the subjects of the Russian Federation, as well as the introduction of new chapters (32 "Personal property tax", 33 "Trade fee") in part 2 of the Tax Code. At the same time, some of the innovations reduce the degree of certainty of tax legislation and thereby increase the level of tax risks for economic entities.

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