

PRACTICE OF APPLYING THE SIMPLIFIED TAXATION SYSTEM AND ITS DEVELOPMENT IN THE RUSSIAN FEDERATION

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Abstract: The paper discusses the practice of applying the simplified taxation system and its development in the Russian Federation. The simplified taxation system is a special type of tax regime that operates in the Russian Federation in accordance with Chapter 26.2 of the Tax Code of the Russian Federation and is applied by small business entities in accordance with the legislation of the Russian Federation, along with other taxation regimes, in which, in accordance with established procedure and under certain conditions, a single tax is paid, and which is focused on reducing the tax burden for small business organizations and facilitating the conduct of tax accounting and book-keeping. The article presented and analyzed data on the number of organizations and individual entrepreneurs applying the simplified taxation system, presents the dynamics of the calculated and paid single tax with the simplified taxation system in the Russian Federation for 2013-2015, as well as the dynamics of the collection of this tax. The volume of accrued and received payments in connection with the application of the simplified taxation system in the Russian Federation for 2014-2016 is considered. On the basis of the complex analysis, the problems arising in the application of the simplified taxation system are highlighted, and ways of their solution are considered.

Keywords: tax, taxation, simplified taxation system, special tax regime, tax control.

1 Introduction

The simplified system of taxation is a special tax regime that operates throughout the Russian Federation on the basis of Chapter 26.2 of the Tax Code of the Russian Federation. The main goal of creating and introducing this regime is to help certain categories of taxpayers, mostly small entrepreneurs, because they contribute to a significant extent to the growth of the gross domestic product, to raising the living standards of the population and to equalize the economic situation in the country. Therefore, the development of small business in the Russian Federation is one of the most important tasks the country's economy is faced with. In recent years, the attention of state structures and the public to its numerous problems has increased. At present, the state provides active support to small businesses, including through such tax policy tools as special tax regimes that reduce the tax burden on business (Tufetulov et al, 2014; Villalobos Antúnez, 2015).

2 Methodology

Since the main taxpayers of the simplified taxation system are small and medium-sized businesses, as well as individual entrepreneurs, we consider it necessary to analyze their dynamics and composition. The dynamics of individual entrepreneurs using the simplified taxation system in the Russian Federation, in the main subjects of the Volga Federal District (the Republic of Tatarstan, Nizhny Novgorod and Samara Regions), and the cities of Moscow and St. Petersburg with federal status in 2013-2015, is shown in Table 1.

Table 1. Dynamics of the individual enterprises number applying the simplified taxation system in 2013-2015 Units

Name	2013	2014	2015	Change Rate	Growth / Decrease, %
Russian Federation	1 194 213	1 196 837	1 387 732	193 519	16.20
Republic of Tatarstan	29 500	30,429	33,072	3 572	12.11
Nizhny Novgorod	23 802	22 897	26 381	2,579	10.83
Samara	15,982	16,869	19 461	3 479	21.77

Moscow	125 653	125,254	143,575	17 922	14.26
Saint-Petersburg	41 613	43 557	51 940	10 327	24.82

Based on the statistical data of the tax authorities, Table 1 indicates an increase in the number of individual entrepreneurs registered by the tax authorities in 2013-2015 in Russia as a whole, as well as in the federal subjects selected by us for analysis, including those using a simplified taxation system. As of 2015, this indicator in the Russian Federation has changed compared to 2013 by 193 519 units, which is 16.20%.

Next, we will consider the dynamics of the number of organizations using the simplified taxation system in the Russian Federation, the main subjects of the Volga Federal District (the Republic of Tatarstan, Nizhny Novgorod and Samara Regions), and cities of federal significance in Moscow and St. Petersburg in 2013-2015.

Table 2. Dynamics of organization number using a simplified taxation system in 2013-2015 Units.

Name	2013	2014	2015	Change Rate	Growth / Decrease, %
Russian Federation	1 283 665	1 314 471	1 430 331	146 666	11.43
Republic of Tatarstan	32,589	33 833	36 015	3,426	10.51
Nizhny Novgorod	27 451	27 213	29,719	2 268	8.26
Samara	29 175	30,071	32,478	3 303	11.32
Moscow	173 682	174 669	188 769	15,087	8.68
Saint-Petersburg	79,037	124 194	87 591	8,554	10.82

Based on the statistical data of the tax authorities, Table 2 indicates an increase in the number of organizations registered by the tax authorities in 2013-2015 in Russia as a whole, as well as in the federal subjects selected by us for analysis, including those using a simplified taxation system. As of 2015, this indicator in the Russian Federation has changed compared to 2013 by 146 666 units, which is 11.43%.

Let us consider the dynamics of the number of taxpayers who submitted tax returns on the tax paid in connection with the application of the object of taxation "incomes reduced by the amount of expenses" and the object of taxation "income". Table 3 presents statistical data for the Russian Federation as of 2013-2015.

Table 3. The number of taxpayers who submitted tax returns for the tax paid in connection with the simplified taxation system in the Russian Federation as of 2013-2015

Name	2013	2014	2015	Change Rate	Growth / Decrease, %
Total taxpayers	2 477 878	2 511 308	2 818 063	340 185	13.73
on the object of taxation -	1 623 354	1 633 636	1 852 221	228 867	14.10

income					
on the object of taxation - income reduced by the amount	854,524	877 672	965 842	111 318	13.03

The data presented in Table 3 indicate a noticeable increase in the number of taxpayers who submitted tax returns during the period under study. The number of organizations and individual entrepreneurs who submitted tax returns under the simplified taxation system in 2013-2015 increased by 340 185 units or by 13.73%. Analyzing the number of tax returns submitted, it should be noted that taxpayers prefer to choose "income" as the object of taxation. Thus, in 2013 tax returns on the object of taxation "income" in comparison with "income reduced by the amount of expenses" was by 768 830 units more, in 2014 - by 755 964 units, in 2015 - 886 379 units.

3 Results and Discussion

Analyzing the dynamics of the calculated and paid single tax with the simplified taxation system in Russia for 2013-2015 shown in Table 4, it should be noted that in 2015 there was an increase in the amount of the accrued single tax by 45.6 billion rubles (or by 19.04%), including for the object "income" by 38.2 billion rubles and for the object "revenues minus expenses" - by 7.4 billion rubles.

Table 4. Dynamics of the calculated and paid single tax with the simplified taxation system in 2013-2015

Name	2013	2014	2015	Change Rate	Growth / Decrease, %
The amount of tax calculated for the tax period is total, including:	239.4	262.6	285.0	45.6	19.04
on the object of taxation - income, billion rubles.	192.1	212.2	230.3	38.2	19.89
on the object of taxation - income, reduced by the amount of expenditure, billion rubles.	47.3	50.4	54.7	7.4	15.60
The amount of tax paid for the tax period total, including:	175.3	189.0	207.6	32.3	18.42
on the object of taxation - income, billion rubles.	134.8	145.0	159.7	24.8	18.42
on the object of taxation - income, reduced by the amount of expenditure, billion rubles.	40.5	44.0	47.9	7.4	18.41

In 2015, there was observed a similar situation with the amount of the single tax paid to the budgetary system of Russia, which in 2015 increased by 32.3 billion rubles, and amounted to 207.6 billion rubles, and increased by 18.42% compared to 2013. Dynamics of the collection of a single tax with a simplified system of taxation in Russia for 2013-2015 years is given in table 5.

Table 5. Dynamics of the single tax collection with a simplified taxation system in 2013-2015

Name	2013	2014	2015	Change Rate
Implementation of the single tax collection rate, including:	73.22	71.96	72.84	-0.38
on the object of taxation - income, billion rubles..	70.18	68.33	69.32	-0.86
on the object of taxation - income, reduced by the amount of expenditure, billion rubles.	85.56	87.25	87.64	2.08

The increase in the single tax paid under the simplified taxation system in the analyzed period, according to Table 5, did not lead to an increase in the tax collection rate. The relative indicator characterizing the collection of this tax (the ratio of the paid and accrued tax) tended to decrease. An exception is the object "revenues minus expenses", where the growth rate was 2.08% to 87.64%. In general, for all objects, the collection of a single tax with the simplified taxation system in 2015 decreased by 0.38% compared with 2013.

4 Summary

For a deeper and more detailed study of tax collection when applying the simplified taxation system in the context of a taxable object, as well as in the context of various subjects of the Russian Federation, it is necessary to study the specifics of calculating, accrual and paying this tax. Volumes of accrued and received payments in connection with the application of the simplified taxation system in the Russian Federation are illustrated in Table 6.

Table 6. Volumes of accrued and received payments in connection with the application of the simplified taxation system in the Russian Federation million rubles.

	Charged payments			Received payments		
	2014	2015	2016	2014	2015	2016
The amount of tax levied in connection with the application of the STS	220990	243090	264417	229316	254164	287068
on the object of taxation - income	154971	170004	182821	162474	177685	200007
on the object of taxation - income, reduced by the amount of expenditure	47565	58429	65154	48680	61885	71174
The minimum tax that is credited to the budgets of state extra-budgetary funds	56	48	thirty	1	19	9
The tax collected in the form of the cost of a patent in connection with the application of the STS	0	2	3	0	1	3
The minimum tax credited	18398	14608	16411	18161	14575	15878

to the budgets of the constituent entities of the Russian Federation						
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According to Table 6, the amount of both accrued and paid tax levied in connection with the application of the simplified taxation system in the Russian Federation has grown. If as of 2014 the amount of accrued payments equaled more than 220 billion rubles, then as of 2016 this indicator was equal to over 264 billion rubles, the rate of growth was 20%. The volume of tax payments received in connection with the application of the simplified taxation system in the Russian Federation grew by 25.32% in 2016 as compared to 2014 and amounted to more than 287 billion rubles.

In all countries considered within the framework of this study, small business is defined as a priority direction of state regulation (Okulev & Golubev, 2015; Awadallah & Gamal Saad, 2018). Currently, the main trend in the development of small business taxation in world practice can be considered as the desire to maximize its rationalization, simplification, breakaway from tax schemes which are complex and time-consuming to develop and implement, and also to optimize and improve tax administrating, unify taxation elements and systems (Tufetulov et al, 2015). In this regard, it is important to consider the possibilities of using foreign experience in applying the simplified taxation system in the Russian Federation (Choudhury, 2018; Evertsson, 2017)

Support and development of small business in Russia is connected, first of all, with the need to form a middle class since it is known that this particular category of the population is a largest part of taxpayers and, accordingly, is one of the main sources of tax revenues of a state (Lukpanova et al, 2017). In the developed countries, the middle class is mainly represented by entrepreneurs and accounts for the majority of the country's population (for example, in the USA 80%) (Isatayeva et al, 2017). In Russia, this indicator is much lower and is 10-15%. That is why solving small business problems in the field of taxation, providing it with the most favorable conditions for development and improvement, is one of the main goals with which the state is faced.

Also, the need for tax support for small businesses in the Russian Federation is associated with an unstable level of inflation. And, as we know, the most effective way to deal with it is to develop competition. After all, the higher the competition, the more effective the business should be, the lower the costs and prices, the more the amount to which we can replenish the budget. The practice of developed countries shows that the creation of favorable conditions for small businesses contributes to a lower level of inflation compared with Russia. To create competition in our country, it is necessary that the number of private entrepreneurs to grow. To do this, it is necessary to create an effective system of supporting these entities in the taxation sphere. Just in this direction, the existing simplified taxation system operates (Shakirova et al, 2016).

5 Conclusions

As a result of this study, gaps and contradictions within the framework of the simplified taxation system were identified. It was also proved that this special tax regime occupies an important place in the tax system of the Russian Federation. Its special role is due to the fact that an effective simplified taxation system will promote the development of small business in Russia, which will favorably affect the revenue side of the budget due to the fact that it is entrepreneurs who are the main taxpayers.

There are various classifications of the directions of the simplified taxation system development in the territory of the

Russian Federation. We divide the classification of the directions of simplified taxation system improvement in the Russian Federation into two groups: basic and auxiliary (Andreeva et al, 2016). The basic and auxiliary directions of the simplified taxation system development in the Russian Federation should be considered together, since the relationship between them is inseparable:

Based on the study, the following prospects for the development of the simplified taxation system in the Russian Federation at the current stage are recommended:

1. It is recommended to legislatively define the concepts "special tax regime", "simplified taxation system".
2. It is advisable to consider the possibility of establishing the basic margin K2 when applying a simplified taxation system for certain types of activity with the aim of taking into account the conduct of activities in a certain territory. Activities that fall under the K 2 factor will be the most attractive for start-ups.
3. Set tax holidays not only for individual entrepreneurs, but also for newly created organizations, in addition, to oblige all subjects of the Russian Federation to introduce tax holidays for a two-year period.
4. Based on the experience of foreign countries, it is necessary to divide all small businesses for tax purposes into different categories based on the number of employees in an organization, and depending on this criterion to establish differentiated rates for a simplified taxation system: micro-enterprises - up to 15 people; small businesses - up to 100 people; medium-sized enterprises - from 101 to 250 people. With the tax object "income", the tax rate should be set at 2 percent - for microenterprises, 3 percent for small businesses, 6 percent for medium-sized enterprises. With the object "incomes reduced by the amount of expenditures", the tax rate should be set at 5 percent for micro-enterprises, 7 percent for small enterprises, and 15 percent for medium-sized enterprises.

In the prospects for the development of this special tax regime, it is always necessary to take into account changes in the structure of the economy, the financial situation of Russia and other developed countries, and also take into account their experience of state support for small and medium-sized businesses. That is, it is necessary to improve the legislation in the field of taxation of small business in such a way that it is not just a declarative nature, but implemented in practice in full.

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