
Theoretical and Methodological Grounds for the Modernization of the Tax Administration System

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Abstract:

The article stands for the theoretical underpinning of economic grounds of tax system and its building on the basis of social- and business-oriented socioeconomic features.

Authors proved the need for tax process management that represent the features of government-society-taxpayer relations with taxpayer's leading role as macroeconomic tool for economic regulation process as well as providing the sustainable and balanced economic growth and innovative modernization of Russian economy.

Keywords: *Tax system, tax, disposition, regulating and guiding function of taxes, efficiency, modernization of tax administration process.*

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1. Introduction

Unfortunately, proposals for management and new ideas in the taxation area are concerned with single tax system features: the size of rates, benefits, favours, objects of taxation, replacement some types of taxes by others, quantitative changes in the tax system. Proposals like modifying the taxation methodology, determining the economic essence of taxes, creating a fundamentally new tax system require more detailed research, features and roles of taxes and the tax system, the features of its functioning and management in the modern economy.

2. Literature review

The methodological grounds of building tax systems are highlighted in the studies of Hobbes (1991), Nitya (1904), Drucker (2008), Proudhon (1998), Ricardo (1955), Samuelson (1964), Sismondi (1937), Hoiser (1992), Wagner (1871), Friedman (1999), Robbins (1993), Levitt and Dubner (2011), Ha-Jun Chang (2015), Kotler (1991), Hoiser (1992), Lang (1993) and others.

Russian economists who developed the theoretical and methodological foundations of the construction of the tax system are Barulin (2012), Grinkevich (2011), Bogolepov (1967), Witte (1992), Glazyev (2010), Sieber (1876), Rodbertus-Jagtzow (1936), Panov (2009), Pushkareva (2016), Sokolov (2013), Tverdokhlebov (1922), Chernik (2015), Trubetskoi (1915), Nechaev and Antipina (2016), Janzhul (1904).

Theoretical and practical approaches to the administration process are developed in the studies of Glazyev (2010), Goncharenko (2010), Gosteva (2016), Dorofeev (2013), Efremova (2012), Kazakov (2009), Maiburov (2013), Nikulina (2011), Orlov (2003), Ponomarev (2012; 2015; 2016), Porollo (2009), Razgulin (2006), Sharipova (2016).

3. Methods

The study includes general scientific methods of research, scientific postulates, the positions and approaches of domestic and foreign scientists regarding the theory and methodology of building a tax system, methods of logical and historical approaches, analysis and synthesis, methods of comparative, structural, functional, economic, and statistical analysis with data collection methods applied. Visibility of the results is provided by the methods of graphical presentation.

4. Result

The concept of tax in the Russian Tax Code represents fee and duty, because fees are collected and taxes are paid. Clause 8 of the Tax Code of the Russian Federation gives a legal interpretation of the tax. A tax is understood as a compulsory, individually gratuitous payment levied from organizations and individuals in the

form of disposition. Disposition as a form of levying tax from organizations and individuals is a philosophical and sociological category expressing the objective transformation of human activity and its results into an independent force that dominates over it and the results in the transformation of a person from an active subject into an object of the social process. Disposition is associated with the objectivation and fetishizing of social relations. The tax levied in the form of disposition generates indifference, isolation and alienation between the taxpayer and the state. A taxpayer becomes an object, and the tax receives an independent, active nature. One could see the process of subjectivation of the tax and the reification of taxpayers. The taxpayer does not use the tax to meet personal and social needs, and the tax consumes the taxpayer as an enzyme of his own tax process. All relations between taxpayers and the state are formed as relations between executors of social functions and bureaucratized state system built on a hierarchical principle. The “tax as a disposition” means alienation of a citizen from major social functions. Understanding the tax as an individual-free payment contradicts the law of value which is fundamental in the market economy. In a market economy the tax should be levied on the value and (or) its parts. According to the law of value, the tax minus the costs must be compensated in the future.

The Tax Code includes a number of taxes that have no economic justification like VAT, excises, a sales tax (that existed until recently). Moreover, it is economically incorrect to levy income tax on wages since wages are not income, but the cost and price of labor that is established in the labor market. The private-owned land tax is illegal, since it contradicts the Constitution of the Russian Federation (Clause 9) and violates the constitutional rights of taxpayers. The private-owned transport tax is illegal. The so-called excisable goods are those goods with the poor production cost, but the demand for them is rather high, so the tax is not imposed on value but on price.

Representatives of the legal interpretation of the tax consider fiscal and control functions as defining functions of taxes. We believe that in the conditions of a market economy the main function of taxes is the regulatory one. It allows changing the ratio between I and II sectors of social production, changing the industry structure, providing tax regulation of certain spheres of financial and economic activity, regulating the budget revenues, market commodity-money relations, business and civil societies. The regulatory function of taxes is represented in investment processes, in the innovative modernization of the Russian economy through various tax preferences.

The Russian tax system was mainly formed in the 1990s, in the conditions of the transitional period in order to preserve the integrity of the state. Now, the key objective is regional differentiation of the tax system which is implemented through tax administration considering the economic, natural, resource, infrastructure differences of the regions, basing on the calculation of regional financial and tax potentials, de jure definition of tax planning.

The Russian tax system must consider the transfer of taxes. This phenomenon is theoretically widely studied but not tracked in the taxation process. Considering the reasons for the tax transfer will make possible specifying, making more transparent and effective the formation of prices, the budget process, and budget strategies. It is necessary to exclude double taxation from taxation practice in order to withdraw "tax air" from prices and introduce a progressive taxation scale to determine the social and economic efficiency of the tax system comparing to the cost principle. Russian tax system does not meet the criteria of efficiency and fairness but runs contrary to the development of the Russian economy. It is oversaturated by management functions. Equally important, in our opinion, is the definition of the effectiveness of the tax system on the part of taxpayers and the socio-economic system: this is the so-called socioeconomic efficiency which is determined by the growth of productivity of economic systems, welfare growth and taxpayers' satisfaction with public services.

In recent years, both Europe and the Russian Federation experience a trend of changing the tax system towards complication which caused the need for its proper management. In Russia tax administration was resulted to power methods, mainly inefficient and expensive, so now it is necessary to modernize the administration framework of the tax system. We believe that the measures taken in Russia to improve tax administration are fragmentary and do not provide an opportunity to significantly improve the efficiency of the Russian tax system without changing the theoretical and methodological approaches. Today's Russian tax system is rather comprehensive, linear, and is based on responsibility and authority. It is necessary to move from a centralized hierarchical management model to a decentralized network, to the extension of the social control system based on the idea of positioning citizens as "owners of the government." The process of decentralization of public administration requires being oriented toward the taxpayer.

The society needs shifting from a centralized hierarchical management model to a decentralized network implemented in modernizing the tax system administration with the use of institutions and civil society organizations' social control. Modernization of the administration of the tax system requires ensuring its effectiveness, ensuring the dominant role in the tax process for taxpayers and entrepreneurs. Modernization of the tax system administration is a macroeconomic tool to regulate economic relations. It will ensure stable, balanced, consciously maintained dynamic proportionality of material, cost, and financial processes as well as support the innovative development of the Russian economy. It includes administrative, organizational, economic, and information components based on the public agreement between business, government, institutions.

5. Discussion

For now there are four schools with different views on the concept of tax administration and the scope of its application as described by Peronko (2000),

Khanafeev and Mironova (2008), Maiburov (2013) who identify tax administration with tax management, Dadashev and Lobanov (2008), Orlov (2003) who identify tax administration with the control of tax authorities, Knyazeva (2007), Yutkina (2001) who equate tax administration with state tax administration or with tax management depending on the entities. Kuznetsov (2007), Aronov and Kashin (2006) conclude the tax administration to the legal regulation of the relationship between taxpayers and tax authorities.

Some economists consider tax administration too broadly; from the organization of tax collection to determining the composition of tax reporting and developing rules for registration of taxpayers. Moreover, it is also a list of information that entities should provide to the authorities, on the one hand, and the information that tax authorities should share with entities, on the other hand. According to Goncharenko (2010), the phenomenon of tax administration is a crucial part of the management of the tax system. It contributes to the internal development and modernization of the system. Since tax administration is performed not only by tax authorities but also by the executive authorities, they all have access to a large information layer tax revenues could determine the "health" of the economy of a certain region. Mironova and Khanafeev (2008) define tax administration as a dynamically developing management system for modernizing tax authorities in a market economy or as a system for managing tax relations as well. Peronko (2000) defines tax administration as a system of state and tax relations' management. Kuznetsov (2007) believes that tax administration is a regulated system of tax relations' management run by the government.

Administration of tax relations and tax process is an organizational and management comprehensive system of tax relations. Tax administration considers the specifics of state-taxpayer relations with the taxpayer as a key part. We could agree with Adamov and Smirnova (2013) that the tax administration should be based on the principle of bilateral responsibility of taxpayers and tax authorities. We consider this phenomenon as modifying the process of levying taxes and emerging relations and relations between representatives of tax authorities and taxpayers to conform with the changed production relations and forms of management, the role of the market and the state in the reproduction process. Such an understanding of tax administration means that a change in the system of production relations, the role of the market, forms of management, and state functions requires changes and adjustments in the administration of the tax system.

6. Conclusions

Authors consider necessary to give the tax a returnable character to make it the basis for regulating and stimulating economic processes; to overcome the contradictions of the current Russian tax system: double taxation, considering regional features, transferring of taxes, recognizing de jure tax planning, removing taxes that have no economic justification and "tax air" in prices as well. The administration of the tax

system and its modernization should start from the determining role of the taxpayer, and the tax process and tax relations should be based on economic relations and relations of the state, business, and civil society.

The tax system of a market economy ensures the regulation of stable, constantly repeating tax relations and those arising between the state's business and civil society. We believe that the diversity of the productive forces and production relations of Russian regions consists in the difference in economic and financial potentials and requires "testing" taxation in special economic zones to develop the tax system considering economic, natural, resource, infrastructure, and other regional features. The tax system can and should be the subject of an agreement between the state and the Public Chamber, represented by the most significant persons of civil society organizations.

Tax administration leads to the macroeconomic adjustment of the Russian economy and could be expressed in the social and economic effectiveness of reforming the tax system. The key goal there is an updated taxation system, equally effective at different levels and based on a qualitatively new relationship between the state and business. Efficiency there would be expressed in economic (reducing the number of employees of tax services), social (growth of public confidence, simplification and automation of transactions) and organizational (qualitative transition of tax services to a new level of work) indicators. Modernization of the tax system administration will ensure a stable, balanced, and consciously maintained dynamic proportionality, material cost and financial processes. Modernization of the administration of the tax system does not depend on the timing of its implementation and requires planning and forecasting of major modernization solutions as well as studying the tax potential and changing the relationship of taxpayers with tax authorities and their role in the tax process.

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