

Research Journal of Pharmaceutical, Biological and Chemical Sciences

Tax Culture In The System Of Countering Informal Business Activities.

Vladimir Viktorovich Kuzmenko^{1*}, Dmitriy Mikhaylovich Bondarev¹,
Khadzhimurad Ziyavutdinovich Khalimbekov², Sakina Agaverdievna Aidaeva², and
Irina Petrovna Kuzmenko³.

¹North Caucasus Federal University, Pushkina str. 1, Stavropol 355000, Russia.

²Daghestan State Technical University, I.Shamyl ave., 70, Republic of Daghestan, Makhachkala 367015, Russia.

³Stavropol State Agrarian University, Zootekhnicheskiiy lane 12, Stavropol 355017, Russia.

ABSTRACT

The article argues the dependence of the size of informal business activities on the level of the tax culture of society, identifies the shortcomings of the implementation of the state policy of the country in terms of preventing tax offenses. It is noted that the concept of "tax culture" has so far been understood by researchers and practitioners ambiguously, it also has no strict scientific definition. In this regard, the author's interpretation of the essence of the tax culture of society is proposed and a set of tools for coordinating the efforts of the state, business structures and the population in the formation of this complex multi-level system is determined.

Keywords: shadow economy, tax culture, state policy, tax relations, business entities, population.

**Corresponding author*

INTRODUCTION

One of the most important tasks in ensuring the sustainable development of the country's economy is, as you know, reducing the size of the shadow sector of the economic complex. In this regard, it is necessary to develop measures to eliminate the causes of the implementation of informal business activities. Their nature should not only be of fiscal content, but also have a meaning that instils in a tax culture.

The formation and implementation of the state policy of the country in relation to the informal sector of the economic complex is characterized by a number of shortcomings of organizational and legal nature. This negatively affects the rates of economic growth, the state of the social sphere, and the budget provision of the territories. It is necessary, first of all, to eliminate the contradictions between the subjects of the state economic policy regarding the components of the informal sector, which are both macro- and meso-level. In addition, it is advisable to pursue a policy of harmonizing the interests of the state and economic entities regarding tax exemptions.

The current practice of tax transformations testifies to the ineffectiveness of a number of fiscal policy liberalization measures used to remove profitable enterprises from the shadow segment. Thus, in the period from 2007 to 2012, the total tax rate of commercial profits in Russia was reduced by 7.3%. Given the inertia of the reaction of economic entities to regulatory changes, it was necessary to expect a subsequent increase in budget revenues. Indeed, during 2009-2012. a reduction in the tax rate of 2.2% led to an increase in the amount of tax revenues to the consolidated budget by 4669.9 billion rubles. In addition, real tax revenues were equal to those expected at a rate of 48.5% and subsequently showed their excess over forecast figures.

The observed dynamics could be regarded as a reduction in unregistered business transactions, but in reality this did not occur according to the World Bank and research conducted. The growth of tax revenues in the analyzed period was caused by an increase in the aggregate incomes of enterprises and was also accompanied by a synchronous expansion of the size of the shadow economy. The lack of the desired result was due, in our opinion, to two reasons: firstly, the continuing mistrust of citizens towards the positive nature of state transformations and, secondly, the low level of tax culture of the society as a whole.

The reduction in the aggregate tax burden should be accompanied by an increase in the income of economic entities and an improvement in the quality of life of the population. It is obvious that low wages of employees of enterprises can not strengthen the desire to build economic relations in the official sector of the economy, therefore, the mechanisms of tax liberalization should be optimized in the direction of implementing the principles of social justice and enhancing economic growth.

The problem of limiting the size of the shadow sector of the economy cannot be viewed without improving the tax culture of society. In this part, the set of sequential steps of educational, administrative and economic activities among civil society will have an undeniable effect (Table 1).

Table 1: Components of the mechanism for countering the expansion of informal business activities

Enlightenment	Administrative	Economic
Conducting training seminars for entrepreneurs on the basics of tax culture	Creating a public organization to protect the rights of taxpayers	Introduction of tax preferences for bona fide taxpayers in the reporting periods
Introduction to the curricula of educational institutions courses "Tax culture"	Improving tax legislation in terms of supervisory activities	The increase in the size of penalties for violation of current tax legislation
Formation and implementation by the tax authorities of the program "Tax Literacy of the Population"	The introduction of a mandatory declaration of the size of tax exemptions by business entities in an open information environment	Expansion of the list of benefits established by regional and local taxes

The concept of "tax culture" is still understood by researchers and practitioners ambiguously, it also has no strict scientific definition. In a general sense, tax culture can be interpreted as a set of accepted values,

rules, norms and principles of citizens' behavior in the system of voluntary fulfillment of their tax obligations. Tax culture identifies a model of legitimate actions of subjects of tax relations. In modern economic realities, the role of the considered concept in the formation of a civilized society and the minimization of unlawful actions of economic entities and the population significantly increases. The effect that the tax culture has on the resource content of all levels of the state budget determines the relevance of the task of raising its level.

MATERIAL AND METHODS

The concepts of "relationship", "relationship", "dependence" are always present in the description of the characteristics of the process of implementation of tax exemptions. They can be combined into a holistic view with the help of the term "relation", which in Russian science corresponds to the concept of a relational approach. If we consider the tax culture and the shadow economy within the framework of influence only on the processes forming the budget, then their significance for the tax behavior of the population is obvious and can be considered using the relational approach.

The use of relational tools in the study of the relationship of tax culture and the shadow economy is due to several reasons:

- the system of implementation of tax exemptions improved along with the development of society, therefore, depends on the level of tax culture, which, in turn, forms the tax behavior of all its participants; tax culture determines tax discipline, which is governed by the rules of conduct in society, in particular, established legal norms;
- all citizens are subject to taxation, regardless of income level, social status and professional sphere, in this regard, the principle of social justice is one of the most controversial in taxation processes, often initiating conflicts at various levels in society, including the existence of informal economic relations;
- to prevent social conflicts arising from income inequality, perhaps, if the level of tax culture in society is high; The current tax system of the Russian Federation does not contribute to smoothing social tensions, and in some of its elements even contributes to such conflicts;
- the deviant behavior of taxpayers, their desire to artificially reduce the size of tax exemptions is often approvingly perceived by society, which, in turn, indicates a low level of development of the tax culture of the population and economic entities.

Tax culture is a complex, multi-level system that simultaneously implements many functions: communicative, formation of tax experience, cognitive, regulatory and normative, signficatory and humanistic. Tax culture determines tax discipline, is assessed by the behavior of citizens during assimilation into the sphere of taxation, becomes an element of material culture [5].

RESULTS AND DISCUSSION

Tax culture affects the shadow economy in various ways: through socialization, the creation and introduction of a system of moral values, patterns of behavior, the formation of rational models of tax institutions. At the same time, the concept of tax culture is absent in the definition of socially fair mechanisms for implementing the functions of the taxation system, therefore, it does not help counteract the expansion of the informal sector. The use of the relational approach justifies the desirability of increasing the importance of this category in the tax system [1].

The high degree of practical importance of the characteristics of the tax behavior of citizens and the tax culture in modern Russian society as a whole does not cause the development of scientific research in this area. This can be explained by the existence of three key reasons, the essence of which boils down to the following:

- first, declaring a high degree of importance of forming a tax culture in society is accompanied by the lack of its relevance in practice and insufficient use of its potential in accumulating tax revenues of budgets of all levels;

- secondly, often the state of the social environment does not contribute to the development in the citizen of the qualities of a bona fide taxpayer, which, in turn, does not satisfy the need of society for a person of high tax culture;
- thirdly, smoothing of differences between the processes of tax optimization, tax minimization, tax evasion by business structures is observed, which is perceived by society as a natural phenomenon.

Thus, the scientifically based improvement of the tax culture of society is becoming an insufficiently demanded task in the context of modern Russian realities. In addition, the above reasons are synchronized with the presence of a number of contradictions in tax relations: between public needs in citizens with a high tax culture and the conditions of the social environment that are not conducive to the education of such individuals; between the need for a scientific substantiation of the trajectories and rules for the formation of a tax culture and not the elaboration of scientific ideas about the characteristics of its quality; between understanding the need to form a tax culture as one of the effective tools for influencing participants in tax relations and insufficient use of its potential in solving problems of limiting the size of the shadow sector of the economy (Figure 1).

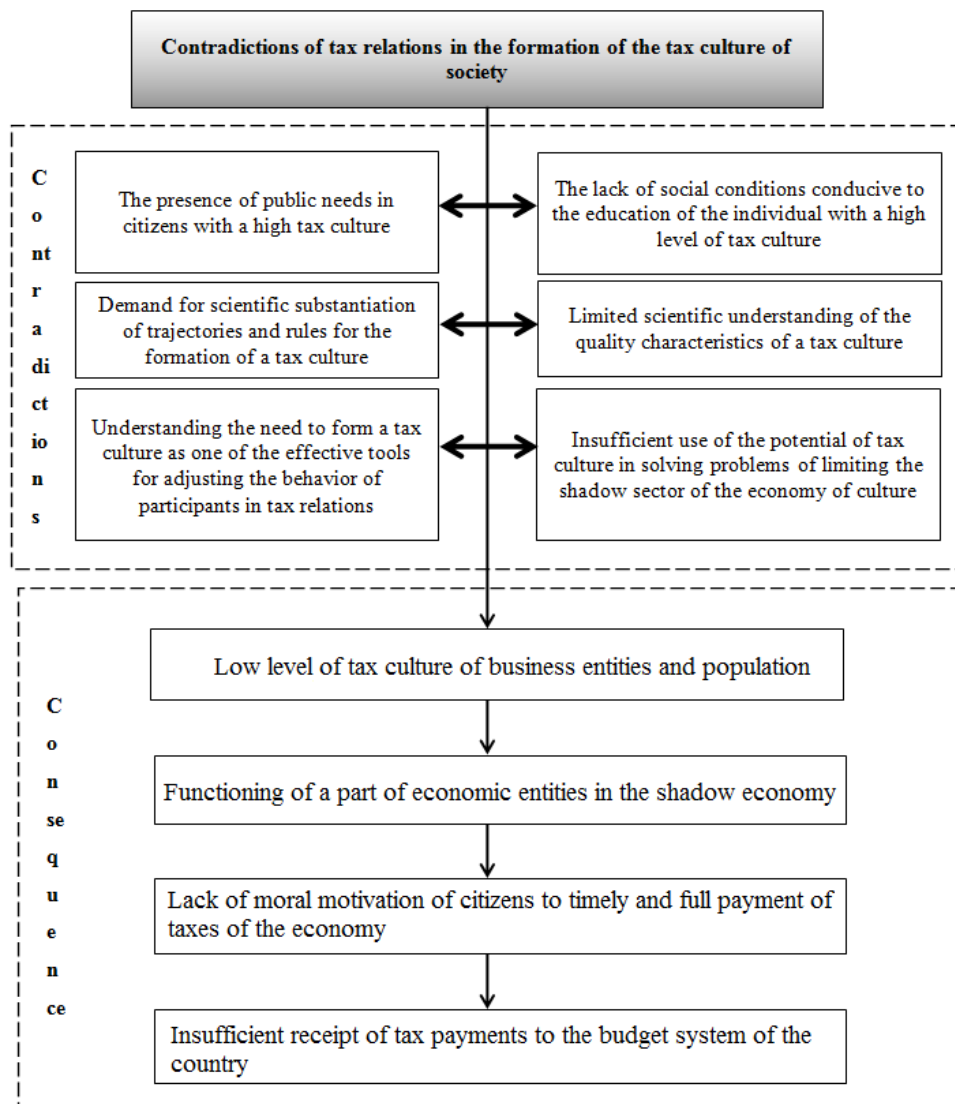


Figure 1: Contradictions of tax relations and their consequences in the formation of the tax culture of society

To strengthen the tax culture in the country, partnership relations are needed between the state, business structures and various social groups [4]. At the initial stage, it is necessary to mobilize educational

institutions that will educate citizens on the need for voluntary and timely payment of taxes. Conducting special tax seminars will allow eliminating citizens' distrust of state bodies regarding the targeted and rational use of accumulated tax exemptions.

The second stage involves a scientifically based improvement in the administration of tax relations, where the leading role will be played by state legislative and executive bodies. The governance mechanisms that they form and implement should be socially oriented, and also have the support of business structures and all sectors of civil society.

The third stage of improving the tax culture should be considered in the context of harmonizing the economic interests of all subjects of tax relations.

In this sense, one can focus on the concept of an adaptive-evolutionary approach, when an entrepreneurial structure consciously avoids competitive confrontation to ensure profitability and protection from negative environmental factors. Entering into economic relations with various partners from the public and private sectors, she tries to create a kind of state of stable equilibrium in order to eliminate dangerous situations for herself.

Effective interaction of business structures with state representatives is manifested, first of all, in the establishment of open information links with tax authorities [2]. Possessing a sufficient level of tax culture, the subject generates positive information flows in the direction of the controlling authorities. Negative qualitative characteristics of the incoming information indicate violations of current legislation and the need to introduce corrective tax culture measures. Consequently, tax culture should be viewed as a long-term, evolutionarily emerging process based on the orderly interaction of all participants in tax relations in the direction of achieving the socially significant goal of rational accumulation of resources of the consolidated budget of the country.

It should be noted that at present, the tax authorities are conducting systematic work with all categories of taxpayers in terms of increasing the level of tax culture and tax discipline in society. The active use of information technology by the Federal Tax Service of Russia and the accessibility to taxpayers of regulatory legal acts regulating the activities of controlling structures have shown that there are significant results in preventing tax offenses [3]. This undoubtedly has a positive effect on raising the level of tax culture.

CONCLUSION

The systematic formation of the basics of financial and tax literacy through the media, through scientific and public conferences, will also shape the tax culture of the population. Together with the rational administration of taxes and the implementation of control measures, this will be a significant factor in strengthening tax discipline and countering the expansion of the informal sector of the economy.

REFERENCES

- [1] Bogoslavets T.N. Tax culture in the conditions of social transformations / T.N. Bogoslavets // Bulletin of Omsk University. Economy series. 2011, No. 1, P. 193-196.
- [2] Kuzmenko V.V., Molodykh V.A., Kuzmenko I.P. Controlling tools in the management system of industrial enterprises / V.V. Kuzmenko, V.A. Molodykh, I.P. Kuzmenko // Bulletin of the Caucasus Peoples' Friendship Institute. Theory of Economics and National Economy Management. 2012. № 2 (22). P. 25-31.
- [3] Kuzmenko V.V. Problems of formation of an effective tax policy in relation to the shadow sector of the economy / V.V. Kuzmenko, V.A. Molodykh // Vestnik SevKavGTI. Stavropol, 2016. №4. P. 69-73.
- [4] Miller, A.E., Bogoslavets, T.N. The impact of tax culture on the formation of the state budget / A.E. Miller, T.N. Bogoslavets // Bulletin of Omsk University. Economy series. 2013, №4. P. 156-160.
- [5] Tomilina, E.P., Glotova, I.I., Kuzmenko, I.P. Development of integration processes in the traditional sectors of agriculture. Middle East Journal of Scientific Research. 2013. T. 13. № SPLISSUE. P. 178-182.
- [6] Glotova, I.I., Tomilina, E.P., Kuzmenko, I.P. (2014). Modeling the processes of own working capital reproduction in agricultural organizations. Life Science Journal, 11(5): 536-541.
- [7] Kuzmenko V.V., Glotova I.I., Tomilina I.P., Kuzmenko, I.P., Fedorenko I.V. Assessment Instruments of



- Economic Feasibility of Tax Transformations. Published by Canadian Center of Science and Education. Asian Social Science; Vol. 11, No. 19; 2015
- [8] V.V. Kuzmenko, N.S. Beskorovainaya, V.A. Molodyh, I.P. Kuzmenko, M.V. Florinskaya Fiscal Policy within the System of Region Sustainable Development. International Journal of Humanities and Cultural Studies (IJHCS) Vol.3 No 1 (2016): Volume 3, Issue 1 (April-June) P. 1018-1029.
- [9] Irina Kuzmenko, Nikolay Chervyakov, Kocherov Yuriy, Dmitriy Samoylenko. Modification of the Scheme of Division of Asmuth Bloom Data with the Application of the Method of Fractal Geometry //IV th International Conference on Engineering and Telecommunication (EnT), Moskov 2017.P. 28-32.