

INSTITUTIONAL ENVIRONMENT OF BUSINESS IN RUSSIA: A PRINCIPLE OF TAX SYSTEM'S STABILITY

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Abstract

A Tax system is one of the most important elements of institutional environment of business development. Business development depends on the quality of acting tax system of a country (according to fulfilling of its regulating functions and also according to its stability). The article explains the content of Principle of state tax system's stability, proves the necessity to follow it in modern conditions in Russian Federation and analysis realization of the Principle in Mari El Republic.

Keywords: Institutional environment, Principles of taxation, Principle of elasticity, Principle of stability of the tax system.

1. INTRODUCTION

An institutional environment forms the conditions of development of economy and enterprise. Changes in the internal and external conditions of development of economy result in that an institutional environment constantly is in the movable state. A changing institutional environment creates pre-conditions influencing on the process of making decision, these effect on behavior of people and organizations. Effective and steady development of economy depends on creation an optimum system of institutes, assisting business development and allowing to do long-term economic prognoses.

The institutional approach to innovative development of economy leads to the necessity to disclose institutional barriers, reasons of their origin and methods to remove them with the purpose of favorable forming and development of competitive regional economy. One of these institutional barriers in the Russian Federation is instability of the tax system.

2. RESULTS AND DISCUSSIONS

A politico-social and economic situation in modern countries is constantly changing and it makes bringing amendments of the Tax Law (Shakirova, R. K., 2015, pp. 22-38).

The volume of the tax burden on businessmen, which they include in composition of expenses, changes with the change of the tax law (Ryzhova, L.I., 2015, pp. 24-33). Instability of tax law of the country causes rising tax risks of enterprises (Stafiyevskaya, M. V., 2015, pp. 53-58; Stafievskaya M. V., Nikolayeva L. V., Kreneva S. G., Shakirova R. K., Semenova O. A., Larionova T. P., Filyushin N. V., 2015, pp. 127-136; Stafievskaya 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).

Innovative development of economy depends on quality of institutional environment (Shakirova, R. K., 2016, pp. 63-75). The tax system is one of the most important elements of institutional environment of economic development the state (Shakirova, R. K., 2016, pp. 287–302). The condition of the tax system influences on the size of the tax burden on sectors of economy (Shakirova, R. K., 2015, pp. 10-28), and also on the level of development of sectors of economy and taxpayers' behavior (Shakirova, R. K., 2016, pp. 50-66).

It is considered the basic organizational principles of taxation in the theory of taxation are a principle of elasticity (mobility) of the tax system, and also opposite to it a principle of stability.

Essence of the principle of elasticity of taxation consists of connection with an objectively changing socio-economic situation in a country and necessity of bringing the tax system over in accordance with some of its mandatory members of taxes which can be operatively changed both toward weakening and toward strengthening of their fiscal or regulative function. Realization of this principle is needed also by virtue of presence and regular exposure of different gaps and mix-ups in a tax law and, accordingly, necessity of their removal. Principle of mobility is sent to evolutional development of the tax system of a country. This principle is the back of the principle of stability of taxation and must not conflict with him.

One of major terms of creation in a country and in its every region a situation of general economic stability, increases of investment attractiveness and tax competitiveness is an observance of principle of stability of the tax system. This principle means the system must have steady character in part of determination of basic elements of taxation, introduction or abolition of tax deductions, establishments of approvals for violation of tax law et cetera. Cardinal changes in the tax system must be brought in the strictly certain order and only in exceptional cases.

Maintenance of stability of taxation cannot be an goal in itself: in periods of cutback of economic activity the system of taxation should not become the brake of development of production, and some increase of level of the tax burden on expedient in the phases of the economic getting up. At the same time, the more stable tax system is, the more confident economic agents feel, and, vice versa, the degree of enterprise risk increases substantially, if to instability of the market state of affairs instability of the tax system is added. Instability of tax politics brakes realization of stimulant function of taxes. Validity of carrying out once in 2-3 years a critical analysis of rational state of tax legislation and cardinal tax changes - not often than one time in 5-7 years.

Unfortunately, existing in the Russian Federation practice of bringing amendments in the current tax legislation does not allow to assert that a principle of stability (table 1) has been fully released.

Table 1. Analysis of amount of normative acts with changes in part I and II of the internal revenue code of Russian Federation, for period 2010-2014

	2010	2011	2012	2013	2014	2015
Part I of Tax System RF	8	9	5	14	11	7
Part II of Tax System RF	27	36	29	27	40	31

Note: compiled by the author.

The analysis of practice of making alteration in the internal revenue code of Russian Federation brings disappointing conclusions. For example, in the second part of the Internal revenue code of Russian Federation amendments were brought in by normative acts in the last few years, the amount of them annually reaches from 27 to 40.

An analogical situation appears in regions. In particular, Law of Mari El Republic of 27.10.2011 № 59-3 "About adjusting of relations in area of taxes and collections in RME" has been corrected 12 times in last five years. As a natural result, part of amendments was initiated by changes in federal tax law system and connected with general change of order of a property tax and also with cancellation of several tax privileges of the whole state level. At the same time, the main part of changes is connected with establishment and cancellation of tax privileges in Mari El Republic. For example, since 2015 having existed only three years,

preferences of simplified tax system, described earlier, have lost their power. In 2016 the decreasing coefficient, used by some tax payers to calculate transport tax, was cancelled. Such situation is an obstacle for subjects of entrepreneurial activities because they can't plan their finance-economical activities. Frequent changes of tax legal system, especially cancellation of tax privileges, break trust to governmental authorities and decrease investment attractiveness of a region. It is obvious that for getting trust to governmental authorities, all appearing privileges have to be established with the minimum time of working.

Consequently, while forming a tax system including regional, the unity of principles of flexibility and stability of taxation has to be preserved.

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