

Improving tax legislation as a factor of adaptation to changes in the economy and society in the context of transformation processes

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Abstract. Tax legislation is being improved in accordance with the ongoing transformation processes in the socio-economic aspect. The convenience, timeliness and completeness of payment of tax payments to the budget, and, accordingly, the socio-economic stability of the state depend on correct legislation on taxes and fees. The article discusses the reasons for committing tax offenses, tax control as a tool for combating non-compliance with tax legislation, imperfections in the ways of organizing tax measures, and substantiates the factors requiring improvement of tax legislation.

1 Introduction

Currently, there is an increase in cases related to violation of laws on taxes and fees. According to most scientific researchers, this is due to the fact that among all tax functions, the fiscal function predominates, since tax revenues account for more than 80% of the total revenues of the consolidated budget of the Russian Federation. Taxes are one of the main sources of the country's budget, and to ensure that taxes are received in the proper amount, high-quality tax control is necessary. The need is due to the fact that taxpayers practice concealment of income, non-payment or partial payment of taxes.

2 Research Methodology

The main methods used during the research are the analysis of the results obtained from the study of articles, magazines and books, the derivation of general patterns, and the generalization of the information obtained during the study of this topic.

3 Results and Discussions

The rapid advancement of technology necessitates changes in national tax systems worldwide, as well as adjustments in international taxation to reach a consensus among

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countries. The subject of income taxation has been explored by scholars from various economic movements. For instance, Pierre Boisguillebert, among the mercantilists, advocated for replacing all indirect taxes with income taxes. Adam Smith, who laid down the foundational principles of taxation, believed that taxing the personal income of citizens was the most suitable approach. Karl Marx argued that taxes could be used to oppress workers. John Stuart Mill contributed to the prototype of modern taxation, emphasizing the need for progressive taxation and a tax-free minimum income. The theories of J.M. Keynes supported the idea of taxes as a regulatory tool. A. Laffer even identified the optimal tax rate, which maximizes tax revenue for the budget, typically in the range of 30-40% [1].

However, in the context of the digital transformation of the economy, it's becoming increasingly evident that traditional tax systems are ill-suited to the realities of the digital economy. Historical trends have shown that tax systems evolve in response to changes in the economy. For instance, towards the end of the 18th century, taxes on the income of individuals and legal entities were introduced, and manufacturing enterprises were required to provide public reports, including details on worker income, subject to verification by independent auditors.

The emergence of new goods and services (including digital ones), digital currencies, cross-border e-commerce, big data processing, changes in business processes, and increased citizen mobility all require tax authorities to adapt to these evolving conditions. There's a growing need to update and modernize tax systems to effectively capture economic activity in the digital age.

As V.P. Vishnevsky noted, tax systems vary greatly among countries, and what works well in one context may not be suitable for another [2]. Therefore, studying international experiences is essential because there's a significant gap between leaders and laggards in digitalization concerning economic development and building a digital society. According to the Boston Consulting Group (BCG), Russia lags 5-8 years behind digital economy leaders [3, 6]. However, Russia is a notable player in the digital transformation of tax administration. It's part of the Brisbane Group, alongside countries like the UK, Australia, New Zealand, Denmark, Canada, Singapore, and the USA, which engage in open dialogues to exchange experiences [4].

While Russia may lag in digital competitiveness, it has made significant progress in digitalizing tax administration. This progress is reflected in its participation in international initiatives aimed at modernizing tax practices. As the digital economy continues to evolve, understanding the experiences of leading nations in digitalizing income taxation is crucial for Russia and other countries to adapt effectively. This entails adopting modern tools and technologies to ensure that tax systems remain relevant in an increasingly digital world.

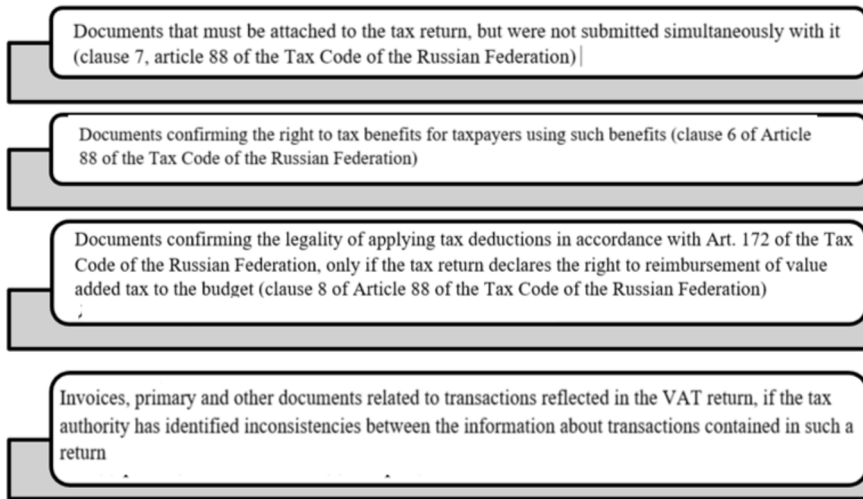


Fig. 1. Cases in which the request for documents is permitted

The low level of tax literacy leads to the fact that many citizens of our country are not familiar with the current tax legislation: many do not know what taxes are levied on the territory of the Russian Federation, what functions taxes perform and why they are needed in general [3]. Lack of awareness in this matter may contribute to the understanding of the responsibility that lies with him. To solve this problem, it is necessary to develop the institute of tax literacy, conduct lectures on tax culture, and explanatory conversations with unscrupulous taxpayers.

To combat these forms of violations of tax legislation, tax authorities carry out various forms of tax control.

The most effective form is a desk tax audit. Tax authorities in the process of conducting a desk audit face a number of problems:

- workload of workers;
- limited duration;
- requesting documents;
- seizure of documents;
- the problem of training, retraining and advanced training of tax personnel;
- low level of tax literacy and responsibility to the state.

All these problems can be divided into intra-organizational and regulatory problems.

Internal organizational problems include problems such as workload of employees, the problem of training, retraining and advanced training of tax personnel.

Workload of workers. A desk tax audit is carried out for each tax at the end of the tax period based on the submitted declarations [4]. Tax authorities are faced with a very large amount of work, which is why on average it takes 15-20 minutes of one employee's working time to check a declaration, which is extremely short for a high-quality and comprehensive audit.

The problem of shortage of personnel significantly slows down the work of tax authorities, making it not of very high quality, since one employee has too much work that he is physically unable to perform efficiently. To solve this problem, it is necessary to increase the staff of the desk audit department. An increase in staff is a necessary condition for intensive work, since a desk audit is always carried out for all taxes, while an on-site tax audit is carried out in certain cases.

Digitalization has penetrated almost all spheres of human life. The sphere of taxation is also actively developing in this direction; for example, monitoring has been added to the list of tax control activities. Tax monitoring is a method of expanded information interaction in which an organization provides the tax authority with real-time access to accounting and tax data [5].

The problem of training, retraining and advanced training of tax personnel is becoming especially noticeable in modern realities, when almost everything is moving to an online format, and previously existing methods are no longer relevant. To solve this problem, it is necessary to introduce new disciplines related to digitalization in educational institutions of secondary vocational and higher education, conduct various master classes, seminars for tax service employees, and also send them for retraining and advanced training. Such personnel of the tax authorities will be able to provide the taxpayer with a qualified, motivated opinion, regardless of the complexity of the transactions and operations being audited.

In this regard, the problem of training, retraining and advanced training of tax personnel capable of presenting a qualified, motivated opinion to the taxpayer in connection with the complexity of the transactions and operations being audited becomes urgent.

Problems of a regulatory nature include: limited period of conduct, request for documents, seizure of documents.

All these problems can be solved only by introducing amendments to the Tax Code of the Russian Federation.

Limited duration. A desk tax audit can last 3 months from the date the taxpayer submits a return for the tax being audited, and for VAT only 2 months, although this is one of the most difficult taxes, with many nuances. For example, the requirements for providing documents to obtain a VAT deduction and for export transactions can be quite stringent and complex. In this case, in order to ensure more efficient work of the tax authorities, it is possible to consider the possibility of introducing amendments to the Tax Code of the Russian Federation aimed at expanding the rights of the tax authorities.

In particular, it is possible to provide for the right of tax authorities to extend the period for conducting a desk audit if objective reasons (for example, failure to submit the necessary documents within the prescribed period) do not allow it to be carried out on time. It is also possible to consider the issue of more flexible conditions for the provision of documents by taxpayers, which could contribute to more efficient work of tax authorities and prevent delays in conducting desk audits.

However, there are special cases when tax authorities have the right to request documents necessary for conducting a tax audit. For example, in accordance with Article 91 of the Tax Code of the Russian Federation, tax authorities may request additional documents if they are necessary to verify the tax base, as well as in cases where the taxpayer did not submit the documents requested by the tax authority or submitted them in violation of legal requirements [6].

Also, in some cases, the tax authority may request additional documents based on a court order or a decision of a higher tax authority.

Thus, tax authorities have the right to request additional documents during a desk tax audit on the basis of:

- art. 31 of the Tax Code of the Russian Federation [9], which states that tax authorities have the right to request documents necessary for verification;

- art. 93 of the Tax Code of the Russian Federation [10], which states that the official conducting a tax audit has the right to request documents. That is, there are no direct prohibitions on making demands during a desk tax audit;

- art. 88 of the Tax Code of the Russian Federation [11], which states that the requisition of documents is prohibited during desk checks, except in special cases. The

following special cases are identified in which the requisition of documents is permitted (Fig.1).

Article 88 of the Tax Code of the Russian Federation establishes that tax officials during desk tax audits do not have the right to request documents, except in cases of failure to submit documents that must be submitted along with the declaration, as well as documents that serve as the basis for receiving various deductions for one tax or another. This provision does not solve the existing problem; it is necessary to develop an exhaustive list of documents that can be requested by tax authorities when conducting desk tax audits.

If the issue of requesting documents during desk checks is somehow specified in the Tax Code of the Russian Federation, matters with the seizure of documents are a little more difficult.

4 Conclusions

Thus, tax authorities, when conducting desk tax audits, are faced with both intra-organizational and regulatory problems. Intra-organizational problems can be solved by making changes to organizational policies, and to solve regulatory problems, some changes in tax legislation are necessary [5].

As in any other area of law, tax legislation is constantly changing and supplemented. On the one hand, this allows us to take into account changes in the economy and society, improve the tax system and improve tax control mechanisms. On the other hand, frequent changes in legislation can create problems for taxpayers and tax authorities due to difficulties in interpreting new regulations and the need to revise accounting and tax reporting. Therefore, it is important to find a balance between the need for changes and the stability of legislation in order to ensure the effective functioning of the tax system and reduce risks for businesses and taxpayers.

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