

Individual Excises: Peculiarities and Prospects of Reforming

Mariya Mikhailovna Shadurskaya

Department of Finance Turnover and Credit

Ural Federal University named after the first President of Russia B. N. Yeltsin

Ekaterinburg, Russia

Konstantin Viktorovich Novoselov

Department of Tax Policy and Customs Tariff Regulation

Financial University Under the Government of the Russian Federation

Moscow, Russia,

Oksana Aleksandrovna Boytush

Department of Finance Turnover and Credit

Ural State University of Economics

Ekaterinburg, Russia

Abstract-The article is devoted to the investigation of the problematic aspects and development prospects of the excise taxation in the Russian Federation in view of the requirements of modern economic factors. Under the conditions of complicated international relations and absence of active national economy growth, budget financial stability is required from the state. It is necessary to consider that imposing of the additional tax on juridical persons can cause the quantitative reduction and as a consequence the unemployment growth and reduction of population incomes. At the same time growth of the tax load on the citizens can lead to the reduction of consumption. As the result of the reducing the citizens' paying capacity the production volumes will inevitably take place. The expediency of the selective approach to introduction of tax changes is substantiated in the article. The authors suggest replenishing the budget revenue at the expense of some categories of taxpayers. *The aim of research:* to evaluate the possibility of permutation of accents in the list of excisable goods for the improvement of the current and perspective situations in the country. *Methodological basic* of research is general scientific and specialized methods of information processing. Those methods allow understanding better the essence of the problems, analyzing the interaction between the problems under discussion. To provide the complete integrity of the research method of system analysis was used. We also use such methods as theoretical, competitive and statistical. Information –empiric basis of the article is statistical data: Federal state service statistics, Federal tax service of the Russian Federations etc. *The main results:* 1. Negative effect on economic development and natural resources of the country was substantiated. 2. Alternative sources of the budget revenues not influencing on the great number of tax payers were found. 3. Calculations on finding out the dependence between incomes of the population level and the volume of expensive goods purchase on the example of jewelries were made. 4. The forecast of collection of jewelries excise under the condition of including them into the list of excisable goods was made. *The key conclusions of the research.* The state should provide the stability of socially important budget items and also to take measures to change the real sectors of economy. The first minimizes social tense in the society. The second provides the conditions for stabilization of the economy and its further development.

Keywords-excises budget, revenue tax, tax policy, indirect taxes

I. INTRODUCTION

During ancient history of indirect taxation in Russia and all over the world excises played an important fiscal role [2, 3, 4, 5, 9, 14]. At present stage of realization of excise taxation search of more optimal way of imposing excise continues. The attempts to change the technique of imposing indirect taxes are implementing. The given problem was discussed in the works of foreign scientist as: Anderson P., Chrisholm D., Fuhr D.C., Norstrom T, Cook P.J., Moore M.J [16, 17, 18]. Experts' opinion on the problems of overcoming the stage of economic cycle and further development of Russia are not unambiguous. Different aspects of above mentioned problems are considered in the works of Frenkel N.A, Tikhomirova B.I., Sergienko Y.B., Vlasova I.O., Oschepkova I.A. [11, 12, 13]. Under the conditions of constant instability on the national and international level finding extra sources of budget expenses remains actual for the state.

It's possible to agree with the economic asserting that the frames of taxation are defined not only by the state requirements, but also property possibilities of the population. By Miller M.B. opinion violation of taxation frames leads to the reduction of solvent demand and further compression of home market volume [7]. Based on above mentioned the interaction and interconnection of the state growing demand in finances and difficulties in realization of the given task without further growth of tax load and worsening the population living standard becomes evident and in the long run will lead to the reduction of VPN and budgetary revenues through some other mechanisms. This determined the actuality of our research.

Its aim is to systematize home experience in the field of excise taxation for finding out mechanisms promoted to replenish revenue budget without strengthening the negative tendencies in the economy. The tasks of the research, determined the structure of the work.

-To consider the economic essence of excises and determine their characteristic features helping to solve the problem of replenishing budget revenues without influence the less protected strata of tax payers.

-To make an analysis of excise importance in the budget revenues, to evaluate allocations concerning different types of excisable goods.

-To evaluate the effect on the country's economy depending on the types of excising goods.

-To define dependence of the consumption level of expensive goods and incomes of the population.

-To define modern excises role in tax and budgetary system of Russia and offer concrete mechanisms, to raise the efficiency of the given trend in replenishing budget incomes.

II. THEORY AND METHODS

Analyzing the economic essence of indirect taxes economists evaluated and evaluates the character of their influence, point out that indirect tax is voluntary; it mostly corresponds to freedom requirements. At the same time, L.Shtein considered that indirect taxes roughly violate requirements of justice as they are the same for rich and poor [7]. This statement can be considered just as indirect taxes are diversified so as their influence. Besides, in home and world practice positive and negative experience on reforming tax system is known. [2, 3, 6, 7, 14] Indirect taxes imposed on customers are included in goods price as an extra charge to price and tariff.

A Maiburov points out the following types of indirect taxes [9]:

«Indirect individual taxes are imposed on limited kind of raw materials and goods. Such are the excises. Indirect universal taxes imposed on operation for realization all goods (works, services) not related to some groups and kinds (excluding some of them). VAT is one of them and in other countries sales tax.

Fiscal monopolies are exclusive rights of complete and partial state monopoly on incomes on manufacture of some goods (works, services)

Customs duties are obligatory collection, imposed by the custom officials on goods brought on the custom territory or exported from this territory or brought in transit. They are inseparable condition from their importation transit and export. [9, p. 279].

The authors of the article consider, that indirect individual taxes in this interpretation have no names so they must be considered as generalizing groups including both fiscal monopolies and customs and duties.

Individual excises are imposed on definite kind of goods in modern Russia. This type of indirect taxes cover 17 names of goods according to the item 181 Code of RT in theory universal excises are VAT, sales tax turnover tax [10, p.14]. All these taxes have an economic essence and suggest general covering of objects with some exceptions. VAT is used in Russian practice nowadays. Tax on sales tax is practice of foreign countries and in the period from 1999 till 2004 was imposed in RF.

«Turnover tax is one of the main indirect taxes, universal excises imposing on goods turnover manufactured in the home country (in some countries on the goods of foreign origin). Turnover tax is imposed on the cost of gross turnover of enterprises mostly on good of mass consumption and enterprises of the service sphere. In general, it is a kind of excise tax. It is widely used in the former Soviet Union and presented the main part of allocations to the state budget. Variant of turnover tax is VAT (value added tax)» [1, p.895] Fiscal monopolies are the kind of indirect taxes, the state monopoly on production and realization of goods and services. Fiscal monopolies were actively used in tsarist Russia and in the Soviet Union. Modern practice realizes the principles of imposing fiscal monopolies through the state duties.

Customs duties are the kind indirect taxes imposing when transporting goods (Works, services, through the Custom's border of the state).

Since 2005 customs duties in RF relate to the non-taxes budget revenues incomes and are not regulated by the tax law. But in their economic essence they don't stop to be indirect taxes.

Economic essence of excise is revealed fully enough in the following interpretation.

«Excise is an indirect tax including the goods price and payed by the customers who are practically the exponent of the given tax» [8, p.85]. The authors concentrate their attention on the individual excises, assuming selected covering of tax payers. They evoke interest according to the following reasons: First changes in the sphere of excise system can have selective character as they effect on certain groups of goods and as a consequence on some customers. Second, there is possibility to save unprotected population strata from extra expenses and consequently influence well-to-do population potentially capable to bear extra expenses. Third, for the state this kind of the tax is more profitable imposed in term of cost saving and saving on tax authorities' control.

III. PRACTICAL ANALYSIS

At present excises are imposed on 17 groups of goods. In accordance with the term 22 tax code of RF alcohol, tobacco spirit, benzene, spirit containing production, petrol, diesel fuel, motor oil, straight run gasoline, cars and motorcars (engine 150 horse power) fuel, average distilled liquids paraxqilene, orthoxulene, jet fuel, natural gas (in cases stipulated be agreement by the international agreements of RF) and others

In comparison with the previous system of excise taxation it is quite evident that modern practice emphasizes natural resources, used by the consumers.

Evaluating the role of excises under modern conditions, let's apply to the table 1

TABLE 1. CONSOLIDATED BUDGET OF RF INCOMES STRUCTURE JANUARY – SEPTEMBER 2015-2017

Types of taxes	2015, bln roubles	Structure 2015	2016, bln roubles	Structure 2016	2017, bln roubles	Structure 2017
Income tax	2094	20	2136	20	2482	20
Income tax on individuals	1952	19	2102	20	2267	18
Mine-rail Extractor Tax	2481	24	2094	20	2934	23
VAT	1900	18	2003	19	2323	18
Excises	752	7	951	9	1127	9
Property tax	777	7	722	7	811	6
Other taxes	471	5	522	5	615	5
Total	10427	100	10530	100	12559	100

Note: Composed by the authors on the data, represented on the site of Federal tax service of Russia.: electronic resource.: [Excess mode <https://analytic.nalog.ru/portal/index.ru-RU.html>]

Analyzing the data of the table it is necessary to note that excise share in the incomes of consolidated budget during the period under consideration is 7-9%. In absolute figures allocations of the excises are growing. This growth is caused by the rates of excises growth and inflation.

If we consider the share of direct and indirect taxes in the consolidated budget we'll see that direct taxes predominate. In 2017 the rate of direct 72% and indirect taxes are 28%. Let's consider excise allocations in view of volume of allocations in view of excisable goods. Let's apply to table 2.

TABLE 2. THE STRUCTURE OF ALLOCATIONS TO THE BUDGET SYSTEM REFERRING TO EXCISABLE GOODS 2015-2017

Group of excisable goods	2015, %	2016, %	2017, %
Spirit, Spirit containing and alcohol production	26,7	25,3	23,8
Petrol, diesel fuel and other derivative natural resources	34,8	38,0	37,8
Tobacco production, electronic devices of nicotine delivery	37,4	36,0	37,7
Cars and motorcars	1,1	0,7	0,7
Total	100	100	100

Note: It is composed by the authors on the databases of Federal tax service of Russia.

From table 2.

It is quite evident that excise on derivatives of natural resources and tobacco predominate, and spirit containing goods and alcohol production take on the 2-nd place. Excises on cars and motorbikes bring allocations to the budget system. Total allocations total from excises are growing with every passing year. In 2015 allocations are 1014, 397 mln 2016-1293, 879 mln (% of increase a year

27, 6) 2017 - 1521,269 mln (% increase in comparison with 2016 -17, 6)

In 2017 connection to single state automatic information system of accounting production volume and turnover of wholesale and retail market was completed due to this fact that the amount of excises on spirit, alcohol, and spirit containing goods increased production in 2017 10,8% till 362,8 billion (327,6 billion for 2016 rubles)

IV. THE RESULTS

Total combinations of everything above mentioned gives us understanding of influence of excises on the level of economic development of the Russian Federation or at least on economy's stability.

If we consider excises influence alcohol, tobacco production we'll see that in all times it was considered really as destimulative for consumption of this production. Mostly it was connected with the fact that production of alcohol, tobacco and tobacco products relate to those fields of economic activity that usually have negative social effect. So the objective reaction of the state in relation to the given goods is additional taxation, which increases their price and reduces the amount of possible customers. For example, the concept of the state policy for reducing the abuse of the alcohol production and prophylaxis of alcoholism among the population of RF till 2020 and price and tax measures aimed to reduce availability of alcohol production for the population and especially for the youth was approved by the order of the Russian government on December 30, 2009 №2128-r.

Tax policy on alcohol production is determined by the necessity of solving some task simultaneously: formation revenue basis of Federal budget and budgets of the subjects of Russian Federation, limitation of alcohol production consumption and also influence consumption structure in favor of light alcohol production with the account of solving above mentioned tasks indexation of excise rates on alcohol production overlook the level also in comparison with the other excisable goods. At the same time possibility of retaining high growth excise rates on alcohol production is limited by the threat of creating economically favorable conditions for increase of its illegal turnover connected with the difference at the excise level operating in the states – members of Eurasian Economic Union.

No doubt, too high excises on the given goods can reduce the incomes of their producers and as a consequence can lead to reducing other tax contribution from the given group of the tax payers, but characterizing excises on alcohol and tobacco production it should be noted that on the level of reasonable rates there are much more advantages, then disadvantages. The advantages can be classified as: stable tax contributions to the budget system, the coverage of the certain category customers that not provoke inflation as a VAT for example, supposing the general coverage, reducing the consumption of the substances harmful for the health and favorably influence the population health. Excises on cars and motorcars with

engine power not more than 150 horse power and also excises on alcohol, covering only certain groups of customers.

Besides, the given goods are not necessary or vitally important that greatly lighten its load on the economy. If we consider excises on processed natural resources such as petrol, diesel fuel and others we'll witness their negative influence on the economic development. Included in the price of all good, works and services produced in the country connected with transportation, (there are most of them) excises provoke the cost increase and as a consequence inflation. So, tax expenses of the given trend needs special attention, taking into account negative consequences for the economy.

Based on the research carried on the authors consider expedient to enlarge the list of excisable goods, including goods consumed only by the groups of individuals. Such practice was realized in 90s, tax excise was characterized by the long list of the excisable good. Besides such widely used goods as alcohol and tobacco, fur and leather goods, china and crystal goods, jewelry, caviar of salmon and sturgeon fish, seafood, precious fish, chocolate and others were included.

On the example of jewelry the dependence of population incomes and volumes of jewelry purchase, budgetary revenue from excise introduction on the given category of goods was considered. Using the following formula we'll count the real coefficient of correlation between population incomes and purchase of jewelries volume.

TABLE 3. INFORMATION FOR THE CALCULATION OF THE DEPENDENCE OF INDIVIDUAL INCOME AND VOLUME OF PURCHASED JEWELRIES

Indicator	2015	2016	2017
Total cost of jewelry sold in RF (mln. rubles)	143,7	34996,6	104622,3
The number of employed people in RF (mln people)	71,3	72,7	71,9
Averages wages for one person a month (thousand rubles)	34030	36709	38848
Average wages for one person a year	408,3	440,5	466,1
The cost of jewelry for one employed people	2,01	481,38	1455,1

Note: The data for the calculation the dependence the income level of the individual and volume of jewelry goods purchase.

According to the formula below lets' calculate the real correlation coefficient of the population income level and volume of jewelry goods purchase.

$$r = \frac{n \sum xy - (\sum x)(\sum y)}{\sqrt{[n \sum x^2 - (\sum x)^2][n \sum y^2 - (\sum y)^2]}}$$

X – is average wages of one person per year.

Y – is the price of jewelry purchased for one employed person per year. The coefficient of correlation on the given example is 0.66, which is there is dependence of the indicators analyzed and this level is high. So, the higher population income the more expensive goods than people with low incomes it purchases. Let's predict additional budget revenues for 2019 having in mind average dynamics growth of excise allocations to budget system mentioned in the text and the authors' suggestions to enlarge the list of excisable goods the example of jewelry. We suggest establishing excise rate on jewelry as 5% of their cost. The average growth of excise allocations for the period analyzed is 22.6%. If in 2017 the total cost of the jewelry goods, sold in RF was 104622.3 mln roubles in 22.6% the amount will be 157255,2 mln roubles that will give additional revenue to the budget system as the amount of 7862,62 mln roubles and this is only on one additional name of excisable goods. Enlarge of the list of excisable goods not lead to the negative consequences in economic and social aspect.

V. DEBATABLE QUESTIONS AND CONCLUSION

Under modern conditions the problem of replenishing the country's budget is very acute. The problems of tax load on juridical person, introduction of progressive scale of revenue, incomes of physical person, tax on luxury, on the beverages containing sugar and so on. Evaluating current situation it should be noted that is impossible to improve many of them. They are in critical financial situation. Enterprises bankruptcy negatively influences not only budget revenues, VNP level of the country but on social component, causing unemployment growth and decrease of the population incomes. Population in the current situation are not ready to the tax load increase as incomes of the current situation are not ready as incomes of most of them decreased and taxes on physical persons can cause mass dissatisfaction.

Alternative variant allowing to keep the balance between taxpayers interest and the state is to enlarge the list of excisable goods. But it is important to have in mind that it is necessary to include to the list only expensive goods not of vital necessity. For example, jewelries, furs, carpets, helicopters, yachts, quadbikes, and other luxury goods. It is possible to solve several problems at once with the help of such excises: replenishment of the budget, the absence of negative influence the economy, imposing the tax on the richest strata of the population who can afford buying the given goods.

VI. CONCLUSIONS

Summing up it is necessary to stress the importance of changes into the current legislation on taxes and fees. Those changes should be adequate to the current situation, and bring additional income to the budget system, but at the same time it is necessary to take into account real opportunities of the taxpayers under the condition of the absence of real income growth of natural and legal persons, not to apply additional load on enterprises and population.

As a result, it does not lead to serious consequences in the economy by means of reducing the number of taxpayers and the capacity of the domestic market.

Authors believe that changes should touch upon excise taxation focusing attention on a certain kinds of goods, consumed by the citizens with above average incomes – first and second, and negatively influencing economic development of the country.

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