

Formation of Tax Instrumentation for Ensuring Economic Security of the Region

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Abstract – The essence and features of regional tax policy are considered as the most important tool affecting the region's economy in order to ensure its economic security. The author presents the main areas of tax policy in the region and a set of related tasks. The tax security of a constituent entity of the Russian Federation is defined as the stability of the regional tax system functioning and the sufficient provision of the regional budget expenditures with tax revenues provided by tax legislation, as an obligatory element of the region's economic security that regulates the economic and social processes that regional authorities have at their disposal. The authors of the paper highlighted the main strategic directions for the implementation of the tax policy in order to ensure the economic security of the region; the process of reducing the level of interregional differentiation in the socio-economic development of the constituent entities of the Russian Federation through balanced territorial development has been defined as one of the main components of the process of the region's economic security ensuring; the basic elements and functions of the tax instrumentation to ensure the economic security of the region have been developed and provided.

Keywords—tax, economic instrumentation, economic security, regional economy

I. INTRODUCTION

The tax policy, being one of the main tools for regulating the economy, is largely determined by the system of existing social relations [1, p.191-192]. Accordingly, the tax policy is one of the tools for solving the basic socio-economic and socio-political problems facing the State. Based on the fact that taxes and fees are the main source of budget revenues, the implementation of the main expenditure items of the budget largely depends on effective tax policy, in the implementation of which the established tax law is an element of planning, regulation, and control of the state tax revenues. The purpose of the paper is to set forth and justify the author's approach to

the problems of forming tax tools to ensure the economic security of the region, which entails the need to describe the nature and characteristics of the regional tax policy, its relationship with the economic security of the region, and the development of the basic elements of the necessary tax tools. It should also be borne in mind that the problems of ensuring the economic security of the State are caused by various factors, operating, including at the regional level [16, p.3]. It follows that the effective functioning of the tax system of any region is an important element in ensuring the economic security of the entire State [11, p.26]. Accordingly, one of the priority tasks in the field of ensuring the economic security of the region is the development of appropriate comprehensive measures aimed at creating an efficiently functioning regional tax system and a mechanism for their implementation [7].

II. THE NATURE AND FEATURES OF THE REGIONAL TAX POLICY

The transition of Russia to a market-based method of managing an economy objectively requires a tax policy that could effectively manage the economy, taking into account state and regional interests, as well as the interests of a single municipality and its residents [2, p.11]. In our opinion, excessive centralization of powers regarding the formation and functioning of the regional tax system at the federal level entails a decrease in the independence of the regions to concentrate resources that are necessary for the constituent entities of the Russian Federation to fulfill their functions, making it difficult to manage tax revenues of their own budget. On the one hand, the federal legislation provides tax incentives and deductions for regional taxes, and, on the other hand, it causes an excessive redistribution of funds through intergovernmental transfers, weakening the financial stability of the regional budget [2, p.34].

Although the tax policy of the region [10, p.22] affects the regional economy, as a rule, it does not take into account the peculiarities of regional socio-economic development, ignores

the “market specialization” of the subject, its production potential; the “tax strategy” is chosen without taking into account regional characteristics and prospects of socio-economic development of a particular constituent entity of the Russian Federation [8, p.29]. Note that the change in economic relations has a significant impact on the ratio of tax revenues of regions, which requires a separate “tax” analysis and accounting during the development and implementation of the tax policy of the region [2, p.35]. The main directions of the regional tax policy, in terms of its own tax regulation, can be represented as follows (certainly, within the powers of the regional representative authority):

- 1) the identification of the elements of each individual regional tax paid in a given entity of the Russian Federation;
- 2) the formation of a system and mechanism for interactions of participants in tax relations in the region;
- 3) the development, introduction of amendments and additions to the regional tax legislation.

The main directions of the regional tax policy entail the need to solve the following tasks:

- 1) to improve existing and to develop additional mechanisms in order to increase the efficiency of economic activity, which contribute to the increase in the regional tax base;
- 2) to optimize the ratio of fiscal, regulatory, and incentive functions of taxes and fees;
- 3) to use rationally the capabilities of the current tax legislation in order to increase the regional tax potential in order to achieve at least the necessary level of budgetary provision of the constituent entity of the Russian Federation.

The main actions justifying the implementation of such a tax policy in the region should include [2, p.35]:

- 1) the formulation of the priority strategic directions of the regional tax policy arising from the goals of the socio-economic development of the region;
- 2) development of directions, as well as specific organizational forms and methods through which the goals will be achieved and the tasks will be solved;
- 3) forecasting and analysis of the dynamics of the possible consequences of the implementation of goals.

Using the above actions (measures), the tax system of the constituent entity of the Russian Federation should be formed, the appropriate management mechanism, the objective necessity of making additions and changes to the regional tax legislation is substantiated, and new mechanisms (tools) for implementing the tax policy of the region are developed [8, p.30]. In the current tax policy of the Russian Federation, there is practically no single approach that should be used to assess the possible amount of attracted income (in the form of tax payments), despite the fact that the importance of the authorities of the constituent entity of the Russian Federation in terms of regulating the state tax policy is growing. Accordingly, constant modernization of the technique and methodology for planning the revenue of regional budgets is

required – especially since such indicators (their size) as the tax potential, tax revenues of the regional budget, tax collection, and a number of other indicators are the main parameters for assessing the effectiveness of the tax policy of the regions – their significant attention should be paid to the analysis.

III. TAX SECURITY AND TAX POLICY IN THE REGION

TABLE I. THE MAIN ELEMENTS AND FUNCTIONS OF TAX TOOLS TO ENSURE THE ECONOMIC SECURITY OF THE REGION

The main elements of tax tools			
Monitoring, analysis and assessment of the dynamics of tax revenues of the regional budget	Monitoring, analysis and assessment of the structure of tax revenues of the regional budget	Formation and implementation of a methodology for assessing the quality of work of a regional tax authority	Methodological assistance in the implementation of the regional tax policy
Element functions of tax tools			
Identification and analysis of trends, causes and factors of changes in tax revenues	Identification and analysis of trends, causes and factors of changes in the structure of tax revenues	Monitoring, analysis and evaluation of the results of the application of the methodology	Monitoring, analysis and evaluation of the implementation of the regional tax policy

The tax security of the constituent entity of the Russian Federation in a broad sense can be defined as the stability of the functioning of the tax system in the region, sufficient security of the expenditure side of the regional budget with tax revenues provided by the tax legislation as a result of the absence (minimization) of offenses and crimes in the field of the tax legislation secured by tax and other authorized bodies control; as an integral part of the region’s economic security, as a link between the region’s economy and budget system, which redistribute money and resources between enterprises, citizens, and the State [9]. Note that in the process of developing the Russian tax system as a whole and shaping the tax policy in particular, issues of ensuring economic security in the tax sphere were practically not considered, which led to the evasion of taxes and fees through the use of numerous “gray” schemes, which undoubtedly entail a threat to the economic security of the State, since the tax security is one of its constituent parts, and the tax system is a rather vulnerable area in which special control is required at any (federal, regional, municipal) level. Accordingly, the tax security of the region and its condition should be an indispensable element of the strategy for implementing the concept of economic security of the region, as this is an important lever that regulates the economic and social processes that the regional authorities have. We also note the increased role of tax payments as the main source of revenue for the regional budget, and the fiscal side of legal relations arising from the payment of taxes and fees, consisting in the accumulation of tax revenues in the regional budget and financing from them the main expenditure items of the regional budget.

Due to the fact that tax payments are the main source of revenue for the regional budget, the completeness and timeliness of their receipt are a significant problem for the economic security of the region – that is why the state of tax security should be given a special place in the structure of economic security of the region. There is no doubt that the state of the tax policy of the region is the essence of the inconsistency of the development of the State. Despite the adoption of a significant number of amendments and additions to the current tax legislation, the existing problems and deficiencies were not eliminated, since these amendments and additions were not systemic, but fragmented, and were not united by a single strategy. At the same time, we note that even at the state level, the emphasis in the field of tax security is placed on eliminating internal and external threats that weaken the economic security of the State [9; 17, p. 500], but it is not taken into account that these manifestations indicate their manifestation and development, as a rule, at the level and in the economy of a particular region. It should also be remembered that each constituent entity of the Russian Federation is quite specific: economically, territorially, and politically. Accordingly, the most important task of all subjects of the tax administration is to create a tax regime that is able to ensure the completeness and timeliness of tax revenues necessary and sufficient to financially cover the expenses of the region, including the task of creating favorable conditions for accelerated regional economic development.

The main strategic directions for the implementation of effective regional tax policy include [2, p.42]:

- 1) modernization of the regional tax system from the position of ensuring the tax component in the structure of the economic security of the region;
- 2) creation, implementation, and use of information technologies that contribute to the process of the tax administration in the field of regional tax security;
- 3) changing the structure of the tax system in order to eliminate illegal financial flows, forming it on the basis of a balance of interests of taxpayers in terms of legalizing production and sales, as well as generating income.

Among the priority tasks of improving the regional tax policy and ensuring the economic security of the regions, the following are seen:

- 1) adequate reduction of the tax burden for taxpayers investing in the development of industries, and in the first place, which are directly related to the economic security of the region;
- 2) accurate accounting and monitoring of the regional tax base, which helps to prevent (minimize) the possibility of tax evasion and the flow of funds into the shadow economy sector;
- 3) solving problems in the plane of redistribution of tax powers between federal and regional tax authorities in favor of the latter.

In view of the foregoing, there is an objective need to develop a set of relevant measures that should be carried out taking into account economic, social, territorial, and other

differences between regions, to undergo preliminary testing, which will minimize possible tax risks [13, p.36], considered as integral part of economic threats and, accordingly, strengthen the economic security of the region.

IV. TAX ADMINISTRATION AND REGIONAL ECONOMIC SECURITY

The economic security of the region has a close relationship with the tax administration process and an increase in its effectiveness. In turn, the authors consider it necessary to relate the tax potential of the region, the tax burden, and the level of tax collection to the main elements or areas of the tax administration at the level of the constituent entity of the Russian Federation. The process of formation and assessment of the tax potential allows it to be interpreted in different ways [5; fifteen]. On the one hand, the tax potential means resources of an administrative-territorial entity that are objects of taxation. On the other hand, it is customary to understand the tax potential as the maximum possible amount of income from tax payments on the basis of the current tax legislation. The tax potential can also be represented as the maximum possible value of revenues from taxes and fees, taking into account the full use of existing “tax” resources [6]. The importance of a clear idea of the essence of the tax potential of the constituent entity of the Russian Federation [4] is also seen in the fact that it is not only an effective administration tool in the field of taxation [8, p.25], but also a guideline for the current model of the regional tax system in order to increase its effectiveness.

The next element (direction) of the tax administration [3; 8, p.25] is such an indicator as a regional tax burden. In this case, the following main areas of its application can be distinguished:

- 1) forecasting the size of the region’s revenue side of the budget;
- 2) development of conceptual frameworks and strategies for implementing the regional tax policy.

The magnitude of the tax potential of the region [6; 14] allows evaluating its dependence on the introduction of amendments and additions to the tax legislation, thus being a kind of “tax” quality criterion.

The main indicators of the effectiveness of the regional tax system and, at the same time, the elements (directions) of the tax administration include the level of tax collection – the higher the amount of tax revenues to the regional budget, the more effectively the tax system of the region performs its main function. Accordingly, measures that increase the amount of tax revenues to the budget of the constituent entity of the Russian Federation represent a separate element of the tax administration that contributes to the economic security of the region. It should be noted that regional taxes include only taxes that are almost fully credited to the budget of the constituent entity of the Russian Federation, but only federal authorities have the authority to distribute tax revenues between budgets from such “heavy” taxes as income taxes organizations and value-added tax. Thus, the function of fiscal regulation is carried out, for the most part, with the help of

federal taxes – the ability of regional authorities to implement their own tax policies is not sufficient.

The features of the formation of revenue items of the budget of the constituent entity of the Russian Federation include a significant share of transfer payments from the federal budget and an insufficiently high share of revenues from regional taxes. At the same time, the authorities of the constituent entity of the Russian Federation have the possibility of indirect influence on the tax system of the region – through a system of measures, nevertheless, related to the economic policy of the region and aimed at increasing its economic security. Thus, the integrated use of direct and indirect effects provides an opportunity for the region to implement its own tax policy. It should be noted that when developing the conceptual foundations of the regional tax policy, attention should be paid to the features of the nature of the prevailing conditions of development of a given constituent entity of the Russian Federation, its territorial position, its sectoral focus, and its tax potential [8, p.23; 14], to the application of modern planning and forecasting methods, to state and regional strategic goals in terms of creating an effective tax system in the region, and to the mechanism for achieving such goals. We also note that the theory and practice of tax planning have repeatedly raised the issue of expanding the tax powers of regions and municipalities. There are a number of proposals to increase the number of regional and local taxes and fees, to provide an additional opportunity (authority) to regional authorities in terms of determining the key elements of taxation in relation to the already established regional and local taxes and fees [10]. When implementing the regional tax policy, the authorities of the constituent entities of the Russian Federation have a number of problems, including: restrictions on the use of tax tools; determination of the composition (categories) of taxpayers and (or) the type of economic activity to which the provided tax benefits will bring maximum social and economic effect. Based on the foregoing, we can conclude that the tax tools available and used by the constituent entities of the Russian Federation do not sufficiently affect the effectiveness of the tax policy of the region, increase the budgetary provision of the constituent entity of the Russian Federation, and its tax potential, on the formation of an effective tax policy, on the amount of the tax authority, on the composition of regional taxes. These problems lie in the plane of regional tax administration and reflect the lack of high-quality current and strategic planning for the formation and development of an effective tax system in the region.

V. TAX TOOLS FOR ENSURING THE ECONOMIC SECURITY OF THE REGION

One of the main components of the region's economic security, as noted above, is tax security, which implies, in particular, strict adherence to the rules and regulations in the field of taxation, tax planning and forecasting, and tax compliance monitoring [8]. In fact, a number of the following problems arise:

1) to realize the common state goals and interests of individual constituent entities of the Russian Federation;

2) to take into account the regional characteristics of the constituent entities of the Russian Federation, which determine the risks of economic (and tax) security of both a particular region and the State.

The effectiveness of the state regional policy, therefore, is the basis and guarantee of a positive impact of the state policy on the regions in order to ensure both their economic security and the economic security of the State [2, p.138]. In order to solve these problems, it is necessary:

1) conducting thorough, ongoing monitoring of the dynamics of key economic indicators at the level of the constituent entities of the Russian Federation;

2) analysis of changes and corresponding dynamics of the main parameters of regional budgets;

3) monitoring the spending patterns of regional budgets, as well as the state of the public debt of the constituent entities of the Russian Federation;

4) the provision of methodological assistance to regional authorities regarding the implementation of the fundamentals of federal and regional tax policies.

The tax tools for ensuring the economic security of the region and its main functions can be represented as follows:

The economic security of the region, as noted above, has a close relationship with the tax administration process and increasing its effectiveness. Accordingly, the economic security of the region should be assessed by analyzing the quality of tax administration [3] since it is this criterion that characterizes, from the point of view of efficiency, the state of the tax system in the region, being a reflection of "mirror reflection". In ensuring the economic security of the region, an important role is assigned to tax authorities [8], in whose activities methods of warning and identifying tax security risks should be simultaneously used [2, p.141]. Using tools such as differentiation of tax rates, the provision of tax benefits [10], the income redistribution system, it is necessary, first of all, to ensure a reasonable structural improvement of production in favor of industries serving the living needs of the population, and to ensure revenue from the budget on this basis.

VI. CONCLUSIONS

One of the main components of the process of the region's economic security, ensuring is the process of reducing the level of interregional differentiation in the socio-economic development of the constituent entities of the Russian Federation through balanced territorial development [2, p.145]. This process requires the creation and development of an efficiently functioning regional tax system, which is able to provide the necessary and sufficient funds to the regional budget, and it is able to effectively provide the material basis for the region's economic security. The disadvantages of the regional tax system, which can significantly complicate the solution of many socio-economic problems in the field of ensuring economic security of the constituent entity of the Russian Federation, including deficiencies in the tax system

and tax policy in the region, linking not only the interests of the State, but also of all segments of the population, gaps in tax legislation that give rise to the various conflicts in the field of tax relations [12, p.279] and have a negative impact on the state of economic security in the region can be eliminated by using appropriate tax tools. Only a systematic tax policy aimed at achieving a balance of interests between taxpayers and the State, at modernizing the tax administration system using the latest information technologies and modern process management systems, at amending existing legislation and normative and methodological acts can provide a solution to the existing problems of ensuring regional economic security.

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