

Evaluation of the Russian Federation Tax Consulting Market Territorial Concentration Level

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Abstract. The article presents further development of the scientific and methodological evaluation of the level of the territorial concentration of the tax consulting market. A basic evaluation scale is proposed for the level of the territorial concentration of the tax consulting market that identified 6 intervals of the territorial concentration of the tax consulting market: absolute territorial deconcentration, low territorial concentration, medium territorial concentration, high territorial concentration, elevated territorial concentration, absolute territorial concentration of the tax consulting market. An evaluation scale for the level of territorial concentration for a tax consulting market in the Russian Federation was developed. An evaluation of the level of territorial concentration for a tax consulting market in the Russian Federation was conducted. It has been established that the tax consulting market in the Russian Federation is characterised by a low level of territorial concentration. The employed approach will allow to address the important scientific problem associated with the complex evaluation of the tax consulting market.

1. Introduction

Taking into account that tax legislation is dynamically changing in the majority of countries, tax consulting is gaining popularity among both natural persons and businesses, and that certainly boosts the creation and growth of the relevant supply in the tax consulting market.

There is also a trend toward the concentration of economic entities that engage in such a type of activities as tax consulting in certain regions, as a rule the ones with an active business life. There is why there is a need in the quantification of the territorial concentration of the tax consulting market in order to develop the relevant recommendations. There should be both evaluation indicators for the relevant processes and scales that would allow to provide an adequate interpretation.

2. Analysis of the latest research and publications

The issues of tax consulting are explored by a number of authors. For example, the article [1] considers the role of auditors in services associated with tax planning and compliance with tax legislation in the era of tax transparency. At the same time the publication [2] studies the problem of transparent financial and tax accounting. The research [3] analyses the tax planning incentives. The work [4] explores the connection between tax planning, corporate administration and capital cost, and the article [5] reviews the interconnection between corporate administration, incentives and tax evasion. The characteristic aspects and objectives of reforming the redistribution of profit and "aggressive" tax planning for transnational companies are shown in works [6] and [7]. The research of the characteristic

features of tax planning on consumption and the corporate tax of the European service firms is shown in the article [8]. The publication [9] presents an attempt to answer the question about how quasi-indexing property influences the corporate tax planning. The issue of tax planning in Chinese companies is covered in the articles [10] and [11]. The work [12] releases the results of researching the links between corporate tax planning and stock exchange declarations. The questions of efficient tax planning are covered in the publication [13]. Corporate social responsibility in the context of tax planning is explored in the work [14]. Deliberations on corporate tax planning in the light of new accounting standards are shown in the article [15]. The contradiction between transparency and tax planning are studied in the research [16]. The image of a perfect tax consultant is covered in the article [17]. The issue of deteriorating professional qualities of tax consultants in America is explored in the work [18]. The results of the evaluation of the quality of the services provided by the tax practitioners from the UK are researched in the article [19]. The unique aspects of the work of a tax consultant in the Czech Republic are examined in the publication [20].

A. Kerimov in his work [21] formulates a scientific and methodological basis for the quantification of the territorial concentration of the tax consulting market; he proposes the definition of the "territorial concentration of the tax consulting market"; an indicator for the level of the territorial concentration of the tax consulting market is developed for the quantification of the territorial concentration of the tax consulting market; this TCMTC index is based on a modification of the HHI indicator (Herfindahl — Hirschman index) in the following form:

$$TCMTC = \sum_{i=1}^n \left(\frac{TCC_i}{TCC_T} \right)^2 = \sum_{i=1}^n LTCC_i^2 \quad (1)$$

where TCMTC is the index of the territorial concentration of the tax consulting market; TCC_i is the number of tax consulting service providers that operate within an i -th territorial entity; TCC_T is the number of tax consulting service providers in a country (region); $LTCC_i$ is the share of the i -th territorial entity in the number of tax consulting service providers in the country (region), n is the number of territorial entities in the country (region), $n \in \mathbb{N}$.

By presenting the share of a territorial entity with the majority of tax consulting service providers in the total number of tax consulting service providers in a country (region) through $\max LTCC_i$, A. Kerimov [21] interpreted the functions of the curves with the maximum and minimum TCMTC indexes ($TCMTC_{\max}$ and $TCMTC_{\min}$ respectively) from $\max LTCC_i$ in the following way:

$$TCMTC_{\max} = \left[\frac{1}{\max LTCC_i} \right] \times \max LTCC_i^2 + \left(1 - \left[\frac{1}{\max LTCC_i} \right] \times \max LTCC_i \right)^2 \quad (2)$$

$$TCMTC_{\min} = \max LTCC_i^2 + \left(\frac{1 - \max LTCC_i}{n} \right)^2 \quad (3)$$

However, despite the scientific value and practical importance of these publications, they do not present an evaluation scale for the territorial concentration of the tax consulting market and do not assess the level of the territorial concentration of the tax consulting market in the Russian Federation using relevant indicators and scales, and that ensures the pertinence, the goal and objectives of the research.

3. Setting goals and objectives

The goal of the article is to assess the territorial processes of the tax consulting market in the Russian Federation.

In order to achieve this goal, the following objectives were set and fulfilled: to develop the relevant basic scale on the basis of the definition of the range of values of the level indicator of the territorial concentration of the tax consulting market; to evaluate the level of the territorial concentration of the tax consulting market in the Russian Federation using the relevant indicator and scale.

4. Essential materials

A. Kerimov in his work [21] shows that the minimal value of the TCMTC indicator will always equal

1/n and the maximum will always be 1.

The definition of the TCMTC value range allows to develop the corresponding basic scale for this indicator, allowing a comparative assessment and interpretation of the results.

We propose to divide the basic evaluation scale for TCMTC index values by the following intervals: absolute territorial deconcentration of the tax consulting market with $TCMTC=1/n$; low territorial concentration of tax consulting market with $TCMTC \in (1/n; 0,25 \times (n-1)/n]$; medium territorial concentration of tax consulting market with $TCMTC \in (0,25 \times (n-1)/n; 0,50 \times (n-1)/n]$; high territorial concentration of tax consulting market with $TCMTC \in (0,50 \times (n-1)/n; 0,75 \times (n-1)/n]$; elevated territorial concentration of tax consulting market with $TCMTC \in (0,75 \times (n-1)/n; 1)$; absolute territorial concentration of tax consulting market with $TCMTC=1$.

Then the basic evaluation scale for TCMTC index can be presented in the following way (Table 1).

Table 1. Basic evaluation scale for TCMTC index*.

The evaluation of the level of territorial concentration of the tax consulting market					
Absolute territorial deconcentration	Low territorial concentration	Medium territorial concentration	High territorial concentration	Elevated territorial concentration	Absolute territorial concentration
TCMTC values					
=1/n	>1/n;	>0,25×(n-1)/n;	>0,50×(n-1)/n;	>0,75×(n-1)	=1

*Source: the authors' development.

As shown in Figure 1, in order to create an evaluation scale for the territorial concentration of the tax consulting market depending on TCMTC index for a specific country, it is necessary to make calculations using the relevant value of n.

In order to verify the proposed scientific and methodological approach, we will assess the territorial concentration of the tax consulting market in the Russian Federation using TCMTC index and the relevant scale.

TCMTC index evaluation scale intervals for the Russian Federation (n=85) equal: absolute territorial deconcentration of the tax consulting market with $TCMTC=0,0118$; low territorial concentration of tax consulting market with $TCMTC \in (0,0118; 0,2471]$; medium territorial concentration of tax consulting market with $TCMTC \in (0,2471; 0,4941]$; high territorial concentration of tax consulting market with $TCMTC \in (0,4941; 0,7412]$; elevated territorial concentration of tax consulting market with $TCMTC \in (0,7412; 1)$; absolute territorial concentration of tax consulting market with $TCMTC=1$.

Taking that into account, the evaluation scale for the territorial concentration of the tax consulting market in the Russian Federation can be presented in the following way (table 2).

Table 2. TCMTC index evaluation scale for the Russian Federation*.

The evaluation of the level of territorial concentration of the tax consulting market					
Absolute territorial deconcentration	Low level concentrations	Medium Level concentra-tions	High level concentrations	Elevated Level concentra-tions	Absolute territorial concentration
TCMTC values					
=0,0118	>0,0118	>0,2471	>0,4941	>0,7412	=1

*Source: the authors' development.

Using Formula (1) on the basis of the data from source [22], TCMTC index was calculated for the Russian Federation as of 01.05.2019.

The calculations showed that TCMTC index for the Russian Federation as of 01.05.2019 is 0.079, which corresponds to the low level of the concentration of tax consulting in the Russian Federation.

5. Conclusions

The conducted research allowed to propose a basic evaluation scale for the level of the territorial concentration of the tax consulting market with the following intervals: absolute territorial deconcentration of the tax consulting market with $TCMTC=1/n$; low territorial concentration of tax consulting market with $TCMTC \in (1/n; 0,25 \times (n-1)/n]$; medium territorial concentration of tax consulting market with $TCMTC \in (0,25 \times (n-1)/n; 0,50 \times (n-1)/n]$; high territorial concentration of tax consulting market with $TCMTC \in (0,50 \times (n-1)/n; 0,75 \times (n-1)/n]$; elevated territorial concentration of tax consulting market with $TCMTC \in (0,75 \times (n-1)/n; 1)$; absolute territorial concentration of tax consulting market with $TCMTC=1$.

TCMTC index evaluation scale intervals for the Russian Federation ($n=85$) equal: absolute territorial deconcentration of the tax consulting market with $TCMTC=0,0118$; low territorial concentration of tax consulting market with $TCMTC \in (0,0118; 0,2471]$; medium territorial concentration of tax consulting market with $TCMTC \in (0,2471; 0,4941]$; high territorial concentration of tax consulting market with $TCMTC \in (0,4941; 0,7412]$; elevated territorial concentration of tax consulting market with $TCMTC \in (0,7412; 1)$; absolute territorial concentration of tax consulting market with $TCMTC=1$.

An evaluation of the level of territorial concentration for a tax consulting market in the Russian Federation was conducted. It has been established that TCMTC index for the Russian Federation as of 01.05.2019 is 0.079, which corresponds to the low level of the concentration of tax consulting in the Russian Federation.

We believe that the employed approach will allow to address the important scientific problem associated with the complex evaluation of the tax consulting market.

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