

# Usage of Indicators of the Small Business Taxation in USA and Modern Russia

S. V. Kaledin

Institute of industries and markets sectors of the economy,  
business and administration  
Chelyabinsk State University  
Chelyabinsk, Russia  
sergei\_kaledin@mail.ru

V. I. Barhatov

Institute of industries and markets sectors of the economy,  
business and administration  
Chelyabinsk State University  
Chelyabinsk, Russia  
ecoba@csu.ru

Y. S. Kapkaev

Institute of industries and markets sectors of the economy,  
business and administration  
Chelyabinsk State University  
Chelyabinsk, Russia  
zam@csu.ru

E. V. Shestakova

The Peoples' Friendship University of Russia  
Moscow, Russia  
shestakova.ekaterina@gmail.com

**Abstract**— Development of small business in the USA can be connected with a number of the reasons among which it is possible to call as the features of historical character connected with emergence and development of the United States and the reasons of tax character. So, in each state privileges on taxes which allow to organize in the best way by use of tax planning business can be established. It is represented that the institutionalism is indissoluble with the taxation as in the taxation there are institutes, customs, for example, regarding check of conscientiousness of the taxpayer, use of the special tax treatments and the habits, so at many businessmen and the companies became a habit earlier to pay taxes, to form an overpayment on taxes for the purpose of decrease in risks of additional accrual of penalties, others opposite, created a habit of a conclusion of the capitals abroad to low-tax territories for the purpose of decrease in the tax load. The purpose of formation of institutes is decrease in negative tendencies in the taxation, institutes are capable to improve process of the taxation, including taxation of small business. Improvement of tax administration in the sphere of small business assumes development and realization of actions which, on the one hand, allow to simplify system of tax administration, to reduce a number of hours, spent by taxpayers for stay in taxing authority. At the same time tax administration allows to apply the special modes to small business and to lower administrative load of small business. In various countries various mechanisms of simplification of tax administration for micro and small enterprises are used, a number of mechanisms can be effectively used in the Russian Federation.

**Keywords**—small business; taxation; collecting of taxes; tax concessions and advantages; tax policy; tax rates.

## INTRODUCTION

Unlike the Russian Federation small business takes an important place in economy of the United States of America.

According to data of OECD more than 50% from all companies occupy small business entities<sup>1</sup>.

**Percent of the companies depending on the number of personnel**

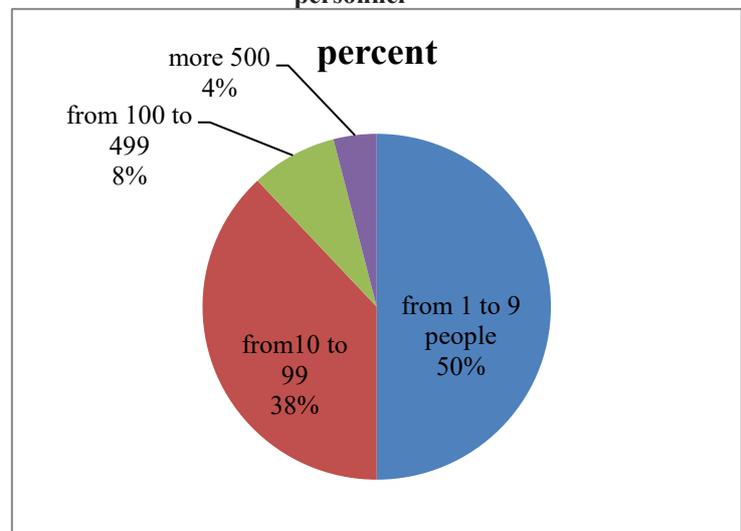


Figure 1

So, the taxation in the USA of business is carried out taking into account the following features:

1. *Decrease in the effective tax rate of the corporate tax in the USA with a simultaneous growth of tax revenues in the budget*

The United States of America are the country in which one of the highest corporate tax rates is established. The USA has the third top limit corporate tax rate of 39%. At the same time in the world from 173 countries of USA take 3 top limit position on the corporate tax rate. In general, in the world the

<sup>1</sup> <http://www.oecd.org/cfe/leed/1918307.pdf>

rate of this tax makes 22,9%, and in the European countries of 18,7%, in Africa this indicator makes 28,77%.<sup>2</sup>

At the same time, in the USA reform of the corporate taxation is carried out gradually.

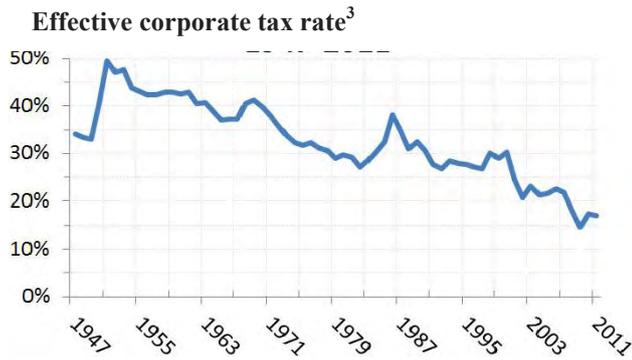


Figure 2

At the same time statistical data confirm increase in a collecting of taxes.

**Increase in a collecting of taxes (trillion dollars)**

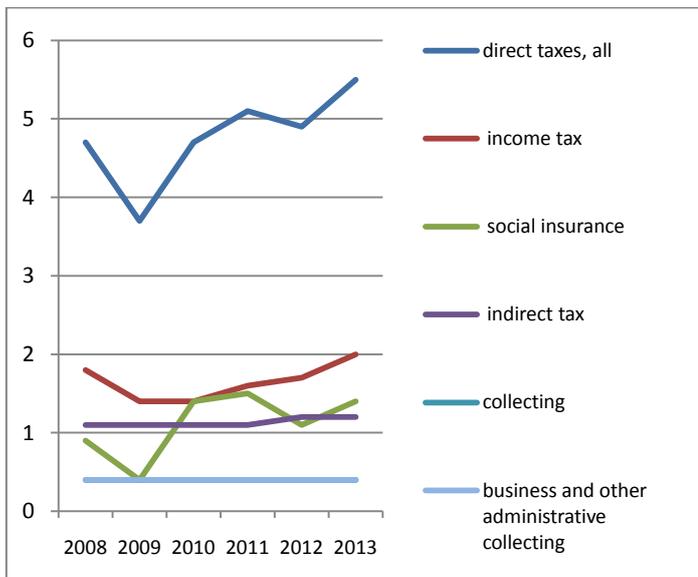


Figure 3

It is necessary to pay attention that taxation in the USA brightly shows also influence of an economic crisis on the general collecting of taxes which decreased in 2009 in view of an economic crisis. Also economic crisis influenced business development. In this regard reduction of tax rates, as well as use of the usual system of the taxation accepted in the country considerably influences increase in a collecting of taxes, as a result of economic contractions and crises both enterprise activity, and a collecting of taxes decreases.

<sup>2</sup> <http://taxfoundation.org/article/corporate-income-tax-rates-around-world-2015>

<sup>3</sup> [https://en.wikipedia.org/wiki/Corporate\\_tax\\_in\\_the\\_United\\_States](https://en.wikipedia.org/wiki/Corporate_tax_in_the_United_States)

Filobokova L.Yu., Grigorieva O.V. is marked out as the effective mechanism of the taxation applied in the USA, "by the lowered rates of the profits tax, a privilege at introduction of new production, acquisition of the equipment, creation of new jobs and др", acting for small enterprises [1].

*2. Establishment of tax advantages in separate states*

In the USA two parallel systems of the taxation accepted at the level of federation and at the level of states actually work, states are given plenary powers in the sphere of the taxation, at the same time federal norms can, both to be applied, and not to be applied at the level of the state. Therefore, within one country natural and legal entities can choose system of the taxation, states with higher and lower taxes [2].

The following states belong to states with the best an index of the taxation:

1. Wyoming
2. South Dakota
3. Alaska
4. Florida
5. Nevada
6. Montana
7. New Hampshire
8. Indiana
9. Utah
10. Texas

For hit in top ten states concerning the taxation lack of considerable taxes is decisive factor. The corporate tax or the individual incomes tax is not provided in some states, such as Wyoming, Nevada, South Dakota, Texas. At the same time, Nevada and Texas have taxes on a gross turn. In Alaska the individual incomes tax is not provided, similar release is established in the State of Florida. Thus, each state entering ten states with the best taxation has the features of the taxation.

Measures for fiscal regulation showed the efficiency at the level of decrease in percent of the help from the federal budget as are guided more by the budget of the state. Let's present comparison of the federal help of states in the form of the chart on which blue states with significant assistance are designated, and red – states with the insignificant federal help (in percentage terms) and tax support.

The similar system of tax advantages is entered also in the Russian Federation now. So, territorial subjects of the federation can apply the lowered rates on the simplified system. The differentiated tax rates according to the simplified tax system ranging from 5 to 15 percent can be established by regional laws of the Russian Federation. Similar practice is entered since 2016 at application of the taxation object "income". On the basis of article 346.20 Tax Code of the Russian Federation since 2016 in case the taxation object is the income, the tax rate is established of 6 percent. By laws of subjects of the Russian Federation the tax rates ranging from 1 to 6 percent depending on categories of taxpayers can be established. That is subjects can establish the lowered rate for any taxation object.

At the same time, the main difference from the taxation in the United States of America is existence in the USA of "an

index of tax climate". The index of tax climate allows to estimate the taxation system of this or that state, to choose a place of registration of the company, and also shows, taxes in this or that state are how well structured. Besides, "the tax index" provides implementation of "road map" for improvement of the taxation of an entrepreneurial activity in specific staff.

The tax fund of the USA entered special methodology of definition of a tax index of states with the effective and inefficient taxation. The new methodology of assessment of tax climate entered in 2015 represents the hierarchical structure estimating five main components of the taxation:

- individual incomes tax;
- sales tax;
- corporate tax;
- property tax;
- insurance upon work loss.

On the basis of assessment of components of the taxation of the state assessment of tax climate on a scale from 0 (the worst indicators of the taxation) to 10 is made (the best indicators of the taxation). Besides, to assessment of each component it is applied coefficients of assessment of average value, similar variable reports there are more than 100. These components are grouped depending on factors of the tax advantages applied in this or that state. For example, considerable competitive advantage of the State of Delaware is application of a zero rate of the sales tax. Distinctions in the taxation also varies concerning the taxation of insurance upon work loss cases.

The index of a tax index is developed as a relative, but not absolute index of tax climate which can be applied by small enterprises to business development. Relativity of the applied index of tax climate is based that zero value of a scale assumes not the worst result, but rather inefficient system of the taxation in comparison with other states. The absolute measure according to developers of a technique of assessment of tax climate does not give sufficient information on distinctions of systems of the taxation of states for pragmatic assessment by owners of business of the most effective indicators of the taxation in each state.

One of the main problems connected with application of a relative scale of the taxation is the impossibility of mathematical assessment of efficiency of application of taxes in states in which there are no separate taxes. Application of the zero tax rate creates optimum tax climate for economic growth, allows to get considerable competitive advantage to small business. Therefore the states applying tax releases receive the highest index 10 which distinguishes these states from others. At the same time, from this rule two exceptions are provided: states Washington and the State of Texas which apply taxes not on the income from the received salary, and income gained from gross revenue of restricted liability societies and corporations. In this regard these states have the highest index concerning application of an income tax. The second category of states which received the highest category concerning the zero sales tax is made by the following states: Alaska, Montana, New Hampshire, State of Washington.

Besides, in an index of assessment of the taxation an assessment of lack of excises on gasoline, beer, alcoholic drinks and cigarettes which are still not had by the above-stated states is given.

Also a problem of application of a relative index is application of various GPA on five components. So, the GPA on states on the profits tax makes 7,0, and the average ball of the sales tax makes 5,32. For correction of GPA, in each state it is multiplied by a constant. For example, assessment of the corporate tax in the State of Connecticut makes 5,12, and assessment of the property tax of this state makes 2,88.

Feature of an index of tax climate is that the index also assumes assessment of tax climate for July 1, that is for the beginning of the state financial year, but not for January 1, that is the beginning of calendar year and the beginning of taxable year for the majority of states of the USA.

Difference of rating of 2015 is that the methodology concerning inclusion of assessment of insurance upon unemployment was changed. Earlier for assessment of these elements the data provided by Department of work were used at the same time, this source contained inexact data and they were replaced with data from National fund of payment of grants on unemployment and compensations to workers. In this regard data of ratings for 2012 can differ 2013 and 2014 in comparison to the rating of 2015 from earlier published.

In rating assessment of influence of the corporate tax which regarding assessment of weight of this tax has assessment of 20,6% of the general point for each state has special influence. According to the researchers conducted in the USA, the corporate tax rate represents crucial importance for foreign investors. In the majority of states standard rates of the profits tax of corporations which pays off as a gross income minus expenses are established. At the same time, in some states deductions of the income are not assumed, and the tax on a gross income is actually established. For example, in the State of Ohio from 2005 to 2010 the tax on commercial activity worked, in Washington the tax by sight is established to activity and an occupation which varies depending on branch, in the State of Virginia the local tax – the professional license for activity implementation is established. At the same time, there are examples of reforming of system of the taxation of the corporate tax, so in 2011 in the State of Michigan considerable reform according to which the modified tax on gross revenue which replaces 6% the corporate tax of the state is imposed was undertaken. The corporate tax was cancelled in the State of Kentucky and New Jersey in 2006. As in states various systems actually work: a tax on gross revenue and the profits tax of corporations to compare various bases of collectable taxes rather difficult. Therefore the index of the taxation is based on three main indicators:

- maximum rate of a tax;
- level of the taxable income;
- release from the taxation.

The states in which neither the profits tax, nor a tax on the income on the income is provided have neutral system concerning business and get the highest point as they are

attractive to business. Such indicators as a possibility of receiving the tax credits, a possibility of transfer of net operating losses, a possibility of use of mechanisms of protection against double taxation in various states are in parallel estimated. Some states use "atavisms" in the taxation, such states do not use mechanisms of protection against double taxation. Others grant the tax credits, use mechanisms of transfer of losses of the last periods that is the perspective directions in the taxation. At the same time it should be noted that the federal rate of the profits tax varies from 15% to the maximum rate in 35%, the similar rate is maximum among industrialized countries of the world. At the same time, three states which do not raise either a tax on the income of corporations or the gross receipts tax are presented to the USA. Treat such states: Nevada, South Dakota and Wyoming, in this regard the index 10 regarding the taxation was automatically appropriated to these states by this tax. The best corporate tax rates can also be observed in the State of Iowa – 12%, and also in Pennsylvania – 9,99%. A number of states also have also relatively low rates of the profits tax: District of Columbia (9,975%), Minnesota (9,8%), State of Illinois (9,5%), Alaska (9,4%), New Jersey (9%), and Rhode Island (9%).

Rates of the individual incomes tax are important for definition of an index of the taxation. Exactly thanks to this tax the number of self-employed citizens increased for the last thirty years from 8,9 million in 1980 to 30,2 million in 2009 [3].

The most effective systems of the taxation work with the incomes tax in such states as: Alaska, Florida, Nevada and South Dakota, and also Wyoming. Such states as Texas and Washington have no individual incomes tax, at the same time they have a tax on corporations and restricted liability societies.

The least effective income tax rates have such states as California (13,3%), the State of Hawaii (11%), New Jersey (8,97%), Vermont (8,95%) and New York (8,82%).

Such states as Pennsylvania (3,07%), Indiana (3,4%) belong to states with the low tax rates.

At assessment of an index of the taxation of an income tax the taxes raised from married couples and also concerning lonely persons, the measures taken by the state for prevention of double taxation and also indexation of the taxation taking into account inflation are considered. The best indicators are provided in rating for those states which provide protection of married couples against double taxation. In this regard the good results are established at such states as Alaska, Florida, Nevada, South Dakota, Texas, Washington, and Wyoming. The states New Hampshire and Tennessee also have good marks as feature of the taxation of these states is collection of the income in a type of income for percent and dividends, but not in a type of tax on the salary. At the same time, the author notes that similar approach cannot be used in the Russian Federation as in Russia there is no differentiated approach to the taxation of the income of natural persons. At the same time the differentiated approach to collecting insurance premiums of individual entrepreneurs depending on the sizes of their

income is entered that induced many businessmen opposite, to close an entrepreneurial activity as not effective. Similar estimates cannot be applied to introduction of ratings in the Russian Federation as the system of the taxation in territorial subjects of the federation has no significant differences on this type of tax.

More effective for the Russian Federation will be assessment of a simplified tax system, the land tax, and also the property tax having the differentiated character according to the legislation of the Russian Federation

### *3. Taxation of foreign accounts and doctrine of "avoiding of taxes"*

The support measures taken in separate states at the same time are followed by rather rigid norms concerning the taxation of foreign accounts, and also action of "the doctrine of avoiding of taxes".

As the main guarantee of the state it is possible to call "the doctrine of avoiding of taxes" which cornerstone the rule of the ban of abuse of the right is. In particular, such doctrine is widespread in the USA. By the general rule avoidance of taxes (tax avoidance) - lawful use of a certain tax regime for obtaining the advantages at tax payment allowed by the Law

In the USA the General rules against avoidance of taxes (General Anti-Avoidance Rules - GAAR) work which cornerstone the doctrine of the ban of abuse of the right is. According to this doctrine the transaction is considered insignificant if avoidance of taxes was the only thing or the prevailing motive of its commission [4].

Now many works are devoted to the tax matter of foreign accounts. Kirilin A. V., Sarnakova A. V. [5] special attention is paid control to the stimulating measures according to which foreign banks and the financial organizations, including Russian, have to provide information on existence of accounts of Americans in foreign citizens, such information since 2015 is provided concerning share more than 10%.

Thus, regulation and monitoring accounts abroad allows to strengthen administrative control of administration of tax revenues. These administrative norms are one of the most rigid regarding control of repatriation of profit. At the same time, granting and collection of information about accounts abroad faces national collisions. So, M.'s Kandyba, Gritsepanova K. [6] pay attention that the Russian legislation establishes<sup>4</sup> the ban on collection of information about the Russian citizens except for the separate cases established in the law.

Having carried out the analysis of the taxation of an entrepreneurial activity in the United States the author marks out the following advantages of the taxation system of the USA which can be used in policy of the taxation.

The program of repatriation of the profit left abroad is at the same time entered. the profit repatriated in the USA is assessed at the rate of 35%. For comparison, in case of

---

<sup>4</sup>The federal law of 28.06.2014 N 173-FZ "About features of implementation of financial operations with the foreign citizens and legal entities, about introduction of amendments to the Russian Federation Code of Administrative Offences and recognition who became invalid for separate provisions of acts of the Russian Federation"

repatriation of profit from Ireland to France, such investments will be assessed at the rate of only 5%.

Similar measures allow to strengthen responsibility for business in low-tax jurisdictions, to lower capital outflow to offshore and onshore zones.

#### *4. Existence of institutes of tax and non-tax informing in the sphere of an entrepreneurial activity*

In the USA institutes of preliminary tax and non-tax informing in the sphere of an entrepreneurial activity are rather developed. For the solution of problems of small business, its development the special body – Administration of small business which purpose is the training function, providing loans, mentoring is created. The purpose of mentoring is providing information on various means of receiving direct investments from small direct investment funds, formation of innovative teams for further cooperation within innovative projects. Also mentoring presents to a possibility of obtaining information on business by women, young businessmen and supports of start-up by National Association of the venture capital.

In particular, the Administration of small business provides:

- loans;
- grants;
- guarantees for small business.

The guarantee of Administration of small business represents the document guaranteeing implementation of contractual obligations, in particular, when performing contract works, service in case the contract with small business entity demands additional providing obligations.

In separate states the programs and resources rendering assistance and the help to potential businessmen also develop. In particular, in the State of Montana the program on supports of self-employment of physically disabled people connected with assistance in search of jobs and business start including by granting grants is carried out. Similar programs are carried out in states of Dzhordzhia, Illinois, Massachusetts, Vancouver.<sup>5</sup>

Havanova I.A. separately selects special programs for settlement of tax disputes and tax administration as measures of tax administration [7].

"settlements of disputes at a stage before submission of the declaration and before tax audit (pre-audit techniques) belong to programs:

- letter Rulings - preliminary explanations (ruling);
- pre-Filing Agreements - agreements before submission of the tax declaration;
- advanced Pricing Agreements (APA) - preliminary agreements on pricing;
- industry Issue Resolution Program (IIRP) - the program of the publication of resolutions on branch questions;
- compliance Assurance Program (CAP) - the program of ensuring compliance of tax accounting to necessary requirements.

At a stage of tax audit concerning businessmen of taxpayers such procedures as are applicable: bystry settlement

of a dispute (fast track settlement), early transfer of a dispute for consideration (early referral)".

Similar procedures of tentative settlement of tax disputes, according to the author, promote improvement of work of taxpayers in the legal framework, allow to reduce quantity of cases of a violation of the law, allow to give an assessment to a concrete tax situation.

At the same time the fact of failure to pay a tax is qualified as active action of the taxpayer, "made for evasion from determination of the amount of a tax"[8]. Thus, cases when failure to pay a tax happened inadvertently are excluded. On the basis of article 7201 of the Tax Code of the USA distinctive feature of concealment of the taxation objects are active actions of the taxation which were made with intention. Thus, cases of involvement of the taxpayer to responsibility in the absence of active actions (ignorance of business), lack of intention or fault of the taxpayer are excluded that reduces the administrative pressure upon small business.

Besides, in the USA restrictions on charge of penalties at identification of mistakes in tax accounts which negatively influence development of small business are introduced. To such mistakes in particular, it is possible to carry mistakes which did not lead to failure to pay taxes and fees in the budget, technical mistakes.

Similar institutes allow to create favorable climate for business development. At the same time development of business is carried out on a high national level, entered into a rank of public policy.

#### *5. Development of specialized institutes in consideration of tax disputes*

In the United States of America there is more perfect system of an exception of collisions in the field of the taxation. In particular, in Canada and the United States of America in view of the importance of tax disputes special courts which task is settlement of the taxation are created. So, in 1983 the Tax court of Canada which is the higher body resolving issues of involvement of the companies to responsibility, and also the tax matters was created and will settle disputes on a ministerial level. Disputes in Tax court can solve generally or the simplified order, the simplified order is provided for consideration of disputes for the sum less than 25 000 dollars. Besides, positive aspect is compensation question to the taxpayer of expenses at successful permission of a tax dispute, and also reimbursement for involvement of experts and witnesses. In Russia, unfortunately, similar practice is not established, at the same time, taxpayers are forced to involve experts, appraisers at appeal to the court, to do the conclusions on specifications, to involve translators and other persons in lawsuits, however these expenses most often are not refunded by courts. Therefore introduction of an obligatory order of reimbursement for experts, appraisers, witnesses could first, induce the bigger number of taxpayers to protect the interests in a judicial proceeding, and secondly, to lower number of unreasonable claims of taxing authority.

The specialized body considering disputes in the field of the taxation is founded on the basis of Section 8 of the Constitution of the USA by the Congress that emphasizes the

<sup>5</sup> <http://www.onestops.info/website.php?page=customized>

importance of the tax matters. At the same time the tax court specializes generally in disputes concerning tax discharge on profit, at the same time its competence includes consideration and other disputes, for example, concerning declaration of goods and services, responsibility of assignees, administrative expenses, release from joint liability and classification of workers into the companies.

##### *5. Creation of special economic zones*

Creation of special economic zones practices in many countries for the purpose of tax and non-tax support of an entrepreneurial activity.

At the same time the state pursues various interests. So, in 1980 in China special economic zones with preferential taxes in Shenzhen, Chzhukhaye, Shantou (Province of Guangdong) and in Ksiamen (province Fudzhan) for the purpose of attraction of investments were organized. In 1960 in Mexico after closing of the Brasero program which allowed Mexicans to work in the USA the special economic zone, allowing to lower a level of unemployment in border zones was created. Problem regions, zones with severe climate, such as, the State of Alaska, or the small island states – BVI also act as such regions.

In the USA where so-called Silicon Valley uniting the enterprises in the sphere of high technologies, IT specialists was created. The similar zone is created for development of separate branches in which the state is interested.

Veselkova E.E. notes special value of free trade areas, specifying that "now in the USA 253 zones of general purpose and about 400 subzones work"[9].

Creation of special economic zones with the preferential taxation allows on the one hand, to satisfy interests of the state, such as development of certain regions or branches of economy, attraction of investments, unemployment elimination, and on the other hand, to satisfy private-law interests of legal entities, including large business, and also natural persons, for example, regarding creation of jobs.

##### *6. Tax cut for small business*

As measures of tax support of small business in the USA<sup>6</sup> the tax concessions, including elimination of the capital gains tax concerning investments into small business were accepted. This measure promotes increase in investment appeal of small business, and the large companies as option of tax planning for the purpose of decrease in the taxation can aim the funds at the development of small business.

One more measure of support of business for updating of fixed assets, investments into the new equipment is introduction of 100% of depreciation of fixed assets for small business. This measure allows to write off costs of depreciation of fixed assets, to update fixed assets, promotes development of new technologies, increase in labor productivity.

Besides, the threshold of expenses was raised to \$500 000 concerning conducting small business. Concerning expenses since 2010 deductions concerning use of cell phones, social medical insurance of self-employed citizens are accepted that is a measure of support of just registered businessmen.

Thus, in the United States to America the whole complex of the actions of tax and non-tax character aimed at the development of an entrepreneurial activity, and also at repatriation of profit is carried out.

##### *7. Change of system of the taxation on a scientific basis*

In the USA changes in system of the taxation the institute (Hudson Institute), and also public organization of Tax foundation is carried out on a scientific basis, by such institutes as Hudson.

Development of system reforms in the taxation on a scientific basis allows:

- to provide public discussion of changes in the taxation;
- to consider interests of small and medium business;
- to develop methods and models of the taxation allowing to provide the greatest receipt of money in the budget;
- to reduce risks of decision-making in the field of the taxation which can lead to decrease in receipt of money in the budget, to "leaving of business in a shadow";
- to prepare economic justification taking into account opinion of the leading economists.

Existence of specialized institute from area of the taxation conducting researches, assessment of tax reform allows to give an assessment of changes in area of the taxation on a scientific basis, in particular, such models as tax model and model of growth (tax and growth model), and also Main Street the plan for the taxation (The "Main Street Tax Plan") were developed.

The tax model and model of growth represents scoring the taxation model estimating impact of the taxation on economy. The model estimates influence of tax changes on the salary, creation of jobs, growth rate of the capital and distribution of the income, and also obtaining the federal income and the general growth of economy, an internal gross product. This model allows to make assessment of offers in the field of the taxation. The model represents the small comparative neoclassical open model of economy of the USA based on empirical observations during the long period since World War II. The model of the taxation is under construction by division of economy into manufacturing sectors: corporate, unincorporated private sector, households, institutions, state enterprises and state bodies. At the same time it is necessary to understand that state bodies do not bring in the income to the state in a type of tax. For assessment of efficiency of the taxation it is necessary to subdivide the income from tax revenues depending on income sources, and also depending on budgets to which taxes come.

Application of tax policy and modification of tax policy demands economic model which can foretell how the changes made to the Tax code will influence an economic situation and receipt of taxes in the budget. Taxes change relative goods prices and services, exert impact on factors of production and cause substitution effect which can limit receipts in the budget from taxes. Besides, taxes also often create also economic problems which limit economy potential. Thus, development of tax policy needs scientific justification and economic models which allow to estimate tax revenues at the budget and economic growth. Now the United committee on taxes and

<sup>6</sup> <https://www.whitehouse.gov/economy/business/small-business>

fees uses two main models: model of macroeconomic growth and model of life cycle.

The model of macroeconomic growth is based on decrease in the marginal tax rates that will allow to make active labor activity, and even taking into account assumptions in modeling, within several years business in comparison with the current investments will increase investments, besides, decrease in taxes will be an incentive for increase in consumer ability concerning consumer goods and services due to increase in the income of the population which remains after tax payment. This effect is important for the purposes of development of economy. Besides, projection of decrease in taxes will allow to increase incentives for increase in investment activity.<sup>7</sup>

The main complexity which consists in application of these models is the tax changes limited abilities of forecasting. Besides, these models are not known to a wide range of experts.

But the positive moment is consideration of questions of tax reforms from the point of view of economic models, and also on a scientific basis.

Hudson institute (Hudson Institute) submitted the offer concerning carrying out tax reform [10]. The plan assumes reforming of the individual incomes tax due to decrease in a limit rate from 39,6% to 33%, expansion of tax base due to reduction of the tax deductions, and also introductions of restriction of the tax credits. Besides, reduction in tax for profit to 25% is supposed, besides, the plan allows to refer completely on expenses capital investments, and also to eliminate taxation delay cases concerning income gained abroad. According to the plan it is also supposed to lower the wage tax concerning medical attendance, to reduce the federal tax by property, and also excludes granting deductions concerning the percent paid by the enterprises. According to calculations of economists of institute, this reform will lead to decrease in budget revenues by \$ dollars 1,1 trillion within ten years, at the same time, this plan will lead to increase in the size of gross domestic product by 7,6% in the long term. Increase in GDP will lead to increase in the salaries for 5,5%, and also to creation of new jobs at a rate of 2,2 million. Finally, the accounting of the above-stated economic consequences at implementation of the plan will lead to receiving within ten years of the tax income in the size of 678 billion dollars. The tax plan of reforms will increase the income of all taxpayers by 0,5%, in a dynamic basis the plan will lead to increase in the income after tax payment on average for 6,6%.

The positive moment of the American experience of development of reforms is assessment not only decrease or increases in budget revenues, but also assessment of the size of gross domestic product, and also assessment of adoption of these or those decisions in the field of the taxation from national economy positions in general in the long term. In Russia assessment of a long-term outlook of adoption of these or those decisions in the field of the taxation, including regarding the taxation of small business, is not carried out,

assessment of decrease and increase in quantity of jobs which are created or liquidated at adoption of this or that tax decision is also not carried out.

In general, experience of the USA regarding development and assessment of the tax income by specialized institutes will allow to give a comprehensive assessment of changes in the sphere of the taxation.

#### *8. Application of the tax credits*

In the United States of America the developed system of the tax credits works, and the taxpayer can choose system of crediting depending on the state. Many states grant the tax credits reducing the effective tax rates for certain industries for investors who with that number carry out investments into small business. Positive aspect of granting the tax credits is the possibility of creation and development of small enterprises, including branches which do not make notable profit for investors [11].

However the tax credits have also negative value as they complicate the taxation system, distort the free market relations, but also, the companies cannot reach the economic growth as count on receiving the tax credits and artificially overestimate expenses, underestimating profit. More effective approach to the taxation for small business and for investors is systematic improvement of tax climate in a long-term outlook.

The mechanism of the investment tax credits acts as widespread option of tax crediting, the similar mechanism assumes offset of the tax obligations in case the investor carries out investments into development of small enterprises, creation of new fixed assets, construction of the plants, acquisition of the equipment or cars. The investment tax credits assume investments into new property, but not in repair of the old equipment and property that allows to make change of the equipment with more effective, updating of the park of fixed assets.

One more direction of tax crediting is granting the tax credits in the field of research and development works. The similar type of tax crediting is not used as the mechanism of stimulation of the taxation in the Russian Federation, at the same time, could be effectively использован for development of new technologies, including on the basis of small enterprises which are more mobile regarding introduction of new developments.

According to authors, the most effective mechanism used in the USA is application of an index of tax climate. Introduction of an index of tax climate will allow businessmen to estimate these or those advantages of the territorial subject of the federation. The index of tax climate will allow to establish competitive advantages of these or those regions, and also to increase the competition among regions. Besides, introduction of tax climate will allow to allocate the most investment attractive regions, for example, regional privileges, and also privileges on insurance premiums in the Far East, Khabarovsk Krai, special economic zones are provided now. Besides, introduction of an index of tax climate will allow to improve also the general tax climate of the country, to increase country positions in ratings as the overall picture of the taxation, conveniences of business, time spent for tax payment

<sup>7</sup> <https://www.jct.gov/publications.html?func=startdown&id=4564>

is under construction of regional features and regional climate of the taxation.

In this regard authors offer introduction of an index of the taxation in the Russian Federation. The similar index will allow:

- to estimate the privileges provided in various regions of the country;
- to estimate perspective and complexity of business in this or that region;
- to present to a possibility of tax planning in various regions.

At the same time, it is supposed that the similar rating in Russia has to consider also the features connected with the revenue received by small enterprises and also investments which are carried out in the concrete region. Also value of rating in relation to the Russian Federation has to consider such indicators as:

- privileges on a simplified tax system;
- privileges on the profits tax;
- existence of special economic zones;
- privileges on the land tax;
- privileges on the property tax;
- privileges on a transport tax.

The index of the taxation will consider regional features of the concrete region, and also the privileges provided by the territorial subject of the federation. By analogy with the United States of America the rating of the taxation will allow small enterprises to choose regions with the most loyal tax climate, attractive to business development, at the same time, for regions of a position in rating will promote implementation of reforming of the taxation, acceptance of the most effective incentives in the taxation.

Additional settlement is demanded by a question of repatriation of profit, automation of information exchange concerning accounts of the Russian citizens abroad regardless of desire of the taxpayer to notify taxing authority within tax amnesty.

#### CONCLUSION

Tax and non-tax consultation of businessmen is abroad rather widespread, for example, on the website of tax department it is possible to find a number of publications of information character in the USA, similar practice exists in Great Britain, France and Germany. For investors similar booklets are published in some countries in English, in particular, as an example of such jurisdiction it is possible to call Singapore. Thus, in Russia tax consultation has to develop more effectively. Creation of the special institutes allowing carrying out tax and tax informing in the sphere of an entrepreneurial activity will allow increasing tax literacy of the population, will simplify an order of receiving money on business, will allow simplifying procedures of permission of tax disputes in an entrepreneurial activity. Authors offer introduction of special institutes on a national level, rendering both tax, and non-tax support of an entrepreneurial activity. Within non-tax support the importance plays institute of mentoring, providing preferential loans. Within tax

administration of small business it is obviously necessary introductions of responsibility for tax offenses only with intention, direct fault and active actions of the taxpayer. Increase in efficiency of interaction with taxing authorities can be reached:

- the direction to the taxpayer of standard brochures with explanations as it is accepted in the USA;
- direction of taxpayers of examples of filling of declarations, reporting forms;
- providing expeditious consultations to taxpayers on specific questions with the description of an algorithm of action, but not the general standards of the legislation.

Also establishment of conciliatory ministerial procedures will allow to reduce risks for business, cases of failure to pay taxes. Implementation of programs of support of an entrepreneurial activity on an administrative national level allows to raise a business role, to concentrate efforts on supports of a top-level entrepreneurial activity, to provide the real help in a type of loans, grants, guarantees, and also information support of an entrepreneurial activity.

Narrow specialization of courts in the field of the taxation allows to reduce risks of mistakes at decision-making in the field of the taxation, to increase uniformity in practice of additional accrual of taxes and an interpretation of the tax legislation, to establish unification by consideration of controversial issues in the field of the taxation.

#### References

- [1] Filobokova L.Yu., Grigorieva O.V. Tax policy and taxation of small business entities//Auditor. 2014. N 12. Page 77 - 87.
- [2] Kaledin S., Shestakova E. American experience and problems of the taxation of small business//Glasstree Academic Publishing, 2018. p. 17
- [3] Kyle Pomerleau, Individual Tax Rates Impact Business Activity Due to High Number of Pass-Troughs, Tax Foundation Fiscal Fact No. 394 (Sept. 3, 2013).
- [4] Bryzgalin A.V., Scherbakova E.S., Fedorova O.S., Anikeev O.E., Baygozin K.I., Ilinykh D.A., Koroleva M.V., Samsonov A.E., Shestakova E.V., Korovina T.V., Pilikin G.G., Tyupakova N.N., Bocharova of O.F. Nalogooblozheniye of the income of natural persons: answers to difficult questions of taxpayers and tax agents. Expenses on advertising: validity, rationing, controversial issues of calculation//Taxes and financial law. 2011. N 3. Page 12 - 22, 36 - 269.
- [5] Kirilin A.V., Sarnakova A.V. The law of the USA "About the taxation of foreign accounts" (FATCA): features of realization and possibility of application//Banking law. 2015. N 4. Page 42 - 48; N 5. Page 37 - 44.
- [6] Kandyba M., Gritsepanov K. Between the devil and the deep sea//Bank review. 2015. N 11. Page 62 - 65.
- [7] Havanova I.A. To a question of alternative ways of permission of tax disputes in the USA and Canada//The Financial law. 2015. N 9. Page 30 - 35.
- [8] Lukaszewicz M.S. Tax offenses and offenses by the legislation of the USA//Public researches (online magazine). 2014. N 4. Page 60 - 70.
- [9] Veselkova E. E. Purposes and ways of use of special economic zones in the international economic cooperation//Advocaat. 2015. N 7. Page 60 - 65.
- [10] Anderson, Jeffrey H. "The Main Street Tax Plan." Hudson Institute. February 28, 2016. <http://www.hudson.org/research/12042-the-main-street-tax-plan>.
- [11] Kaledin S., Shestakova E. Use of features of the taxation of small business in the USA for modern Russia//Glasstree Academic Publishing, 2018. p.22