Fiscal Policy within the System of Region Sustainable Development

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Abstract

Financial stability of a region is the basic factor of public welfare development. This process is characterized by some uncertainties which become stronger and weaker with some cyclicity. Therefore it is necessary to diagnose temporal and dimensional parameters of fiscal policy, as well as the elimination of possible contradictions between the budget process participants. Nowadays adverse environmental conditions form the threats of social and economic stability in the regions of the North Caucasus Federal District. The lack of tax potential in a number of subjects is conditioned by a special economy structure, a low level of employment and population low income. The solution of this problem is possible by the displacement of fiscal authorities and responsibilities for their implementation on the regional level, which will contribute to the improvement of national reproductive complex reliability within the adverse environmental conditions and to the achievement of social and economic stabilization.

Keywords: tax regulation, fiscal policy, income taxation, economic growth.
1. Introduction

The economic development of a reproduction complex is always accompanied by continuous changes in all its subsystems: organizational, management, technological, resource one. The latter, being the basis of economic growth shall preserve the stability of its potential characteristics for a successful transformation into different types of material and other benefits. This is conditioned by the need of socio-economic system stable functioning as a whole and its regional components.

The development of a regional reproduction complex is impossible without its financial stability maintaining. This implies a rational combination of dynamic and static qualities. The first ones involve continuous positive changes in the elements of a social-economic system, and the second ones involve the stability of key parameters. Thus, the economic development and financial stability are interrelated, but not identical concepts. They are in a certain contradiction, which consists in a limited growth effect achievement.

The financial stability of a region is its particular condition which is characterized by integrity and the desire to minimize the contradictions between the reproduction complex elements, and also provides an adjustable growth of the relevant basic indicators. This approach involves consideration of financial stability achievement mechanisms for a regional economic system based on neo-institutionalism provisions. According to this theory, the low rates of economic growth are not only the result of insufficient funds, or their spending inefficiency but mainly the result of an institutional structure imperfections, i.e. so-called "game rules" [10] between resource managers. This postulate defines the targets and conditions of a region reproductive complex intensive development: the achievement of high economic growth rates is possible only with the agreement of interests of its subjects, the improvement of structure and the strengthening of territorial socio-economic system financial stability.

2. Fiscal Policy Functions and Objectives

One should understand that the financial stability of a region is largely determined by external factors, especially by the political situation of a state, the legal aspects of financial activity security and the monetary market state. At their favorable combination a territorial reproductive complex attains the possibilities of an intensive economic development by the means of necessary internal reserve mobilization.

In this regard, the principles of economic systems sustainability formulated by Bonucchi and Ferrari are of particular importance:

- at sustainable development an economic system must be in equilibrium, which implies the balance between the synthesis and the dissipation of its element structure;
- under adverse external influences an economic system should meet internal compensating reactions, carried out due to the management process implementation [9].

The processes of public welfare development are always accompanied by inherent uncertainties which become weaker and stronger at a certain cyclicity. The problem of their time and dimensional parameter diagnosis during the solution of which the period, the duration and cycle oscillation range must be found seems to be one of the most difficult in economic science. The obtained values may be the basis for an effective mechanism of socio-economic stability and fiscal sustainability development. One of the most effective trends in this part is the transformation of fiscal policy according to economic cycle phases.

The essence of any country fiscal policy is determined by its socio-economic functions and tasks. The latter include the following ones: financial stability provision, the strengthening of financial-credit and budgetary system, the stimulation of investment activity, the taxa-
tion system improvement, the strengthening of control over state expenses. The functions are determined by the joint implementation of budget and tax rules. However, there are two approaches in scientific literature which determine the fiscal policy content and the formation of its mechanism [1, 3].

According to the first of them, the fiscal policy is seen as a set of actions and measures carried out by authorities concerning the mobilization of tax and non-tax revenues of a state. In this case, the concepts of fiscal and tax policy may be synonymous, expressing the material basis of the relations between economic entities.

The second approach is complemented by the processes of accumulated earning inter-budgetary distribution, the establishment and the changing of mandatory payment order, the organization of control and the implementation of responsibility because of financial discipline violation, etc. Moreover, the modern system of regional management actively uses the tax regulation instruments of economy and social sphere, which are an important component of its mechanism. All this, in our opinion, allows you to express the economic substance of "fiscal policy" concept in a more detailed way.

Thus, in a broad sense, fiscal policy is a set of established, planned and implemented actions on the formation, management and distribution of aggregate state income and expenses in the direction of social and economic process optimal functioning organization at national, regional and municipal levels.

The structure of fiscal policy is represented by political, economic and social component [5]. The first one involves the maintenance of public authority and the provision of federal government, regions, municipalities and population interests unity. The second one is responsible for the distribution of wealth concerning the meeting of public and private sector needs to maintain economic stability. Using the third component fiscal policy solves the problems of citizen life and property safety increase, the maintaining of material well-being minimum level for the vulnerable social groups.

3. Environmental Influence on Fiscal Relations

The key elements of fiscal policy are manifested in the system of specially organized relations between its subjects. The elimination of possible contradictions arising from the formation and consumption of centralized funds is very important here [4]. Their main reasons are the following ones:

- The establishment of tax rates without sufficient justification of their impact nature on production, investment stimulation, the development of economically viable activities;
- The lack of tax incentives for the expansion and the development of production, investments and innovations;
- High tax burden in the fields of high-tech and socially significant industries;
- The absence of selective state support for entrepreneurial activity development among population;
- The discrepancy between budget expenses and revenues and earnings from the sources of its deficit financing;
- Complicated procedures of accounting and tax reporting.

The reasons of interest contradiction in fiscal relations have an objective basis and their harmonization is one of the most important tasks of federal and regional authorities. These problems are manifested especially sharply during the periods of economic recession, when stabilizing mechanisms of reproduction processes in various branches of economic complex and social sphere become demanded.
In this case anti-crisis measures are of particular importance at a regional level, which shall be consistent with the relevant activities of national scale. Meanwhile, any territory is characterized by its own indicators of financial security, the state of production and social infrastructure, unemployment, the effectiveness of management in the state, municipal and commercial sectors, etc.

During the development of an anti-crisis regional fiscal policy one shall take into account the factors of economic, demographic, legal and historical-ethnic nature by all means [2]. The first group of factors includes the parameters of state and separate areas debt obligation servicing, the amount of financial aid for regions and municipalities, the deductions from federal taxes, the level of tax rate indexation, established tax privileges, budgetary provisions for the implementation of social spending. The second group of factors includes the characteristics of demographic structure and population number in a region, including the employed ones. The third group of factors demonstrates the provisions of RF Budget and Tax Codes, the federal and regional budget laws. The fourth group of factors describes national priorities and inter-ethnic relations in the country, regions and separate territories.

The proposed group of factors characterizes the specificity of fiscal policy development at a regional level and allows you to analyze its impact on the dynamics of tax revenues in RF subjects, to assess the effectiveness of management decisions by state and local authorities. At that the categories of factors may be characterized by the degree of control and the influence on budget revenues (Table 1).

### Table 1

**Characteristics of environmental factors influencing the fiscal policy at a regional level**

<table>
<thead>
<tr>
<th>Groups of factors</th>
<th>According to management evaluation</th>
<th>According to the influence character on budget income sources</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Regulated</td>
<td>Non-regulated</td>
</tr>
<tr>
<td>Economic</td>
<td>+</td>
<td>-</td>
</tr>
<tr>
<td>Demographic</td>
<td>-</td>
<td>+</td>
</tr>
<tr>
<td>Legal</td>
<td>+</td>
<td>-</td>
</tr>
<tr>
<td>Historical-ethnic</td>
<td>-</td>
<td>+</td>
</tr>
</tbody>
</table>

The group of economic factors determines the overall level of the territory economic potential, accumulated within a region or a municipality in the current time period. The most important components of this set are the budgetary, taxation, credit component, etc., which develop the ability to generate the income of population, economic entities, municipalities and regions in general. The state is able to manage effectively these factors, including the means of countering the negative manifestation of the world crisis tendencies.

Demographic factors are categorized as slightly controllable in the short term at a regional level. The bodies of regional state authorities can not make a significant impact on the change of population number, its marital status, age structure, etc. Concerning the impact on budget revenue sources, these factors do not have a tax nature, but indirectly determine the size of relevant incomes.

Fiscal relations, as we know, are regulated by law. In this regard, a special role in the formation and implementation of appropriate policies is played by the relationship of economic and legal factors. During the analysis of tax revenue mobilization the first ones determine the size of a tax base, and the second ones determine tax rates and deduction standards to the
budgets of different levels. Obviously, the tax base is regulated by law, but its dimensional characteristics and dynamics depend on economic activity results. Tax rates are always set and changed only by law and have no direct relation with the economic situation of certain categories or individual taxpayers. In this regard, legal factors may be attributed to the group of managed ones and directly influencing the tax sources of budget revenues.

Historical and ethnic factors indirectly determine the fiscal policy of a region, as they characterize its economic development in a retrospective review and in the context of national and historical peculiarities of region economic structure development. Concerning the management by state influence tools during the current period they can be fairly attributed to an unregulated group.

The tax nature of budget revenue sources is shown only in respect of economic and legal factors [10]. Demographic, historical and ethnic factors do not have such properties, but they should be taken into account during the development of regional fiscal policy. Their cumulative impact determines the nature of political, economic and social components of an overall goal concerning the improvement of fiscal relations to achieve the balance of interests among economic subjects. The result of this activity is the provision of sustainable and safe development of economic complex as the source of territory population welfare and public expense financing.

4. **Environmental Assessment of North Caucasus Federal District Regions**

The economic complex of one of traditionally problematic areas of Russia - the North Caucasus Federal District (NCFD) - has the industrial-agrarian specialization and is characterized by unstable rates of development. This is manifested in its industrial (Table 2), and in its regional structure. However, NCFD has a number of obvious advantages: convenient geographical location relative to major markets, the availability of natural resources and spare capacities, a developed transport network, and the growing demand for industrial products from Russian Federation regions and neighboring states.

<table>
<thead>
<tr>
<th>Type of economic activity</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial production, including:</td>
<td>109,8</td>
<td>106,3</td>
<td>106,2</td>
<td>100,4</td>
</tr>
<tr>
<td>mining</td>
<td>97,5</td>
<td>93,8</td>
<td>97,7</td>
<td>94,8</td>
</tr>
<tr>
<td>processing industries</td>
<td>113,5</td>
<td>109,9</td>
<td>110,3</td>
<td>99,8</td>
</tr>
<tr>
<td>electricity, gas and water production and distribution</td>
<td>104,1</td>
<td>100,2</td>
<td>93,4</td>
<td>104,1</td>
</tr>
<tr>
<td>agricultural product manufacture</td>
<td>111,0</td>
<td>92,5</td>
<td>110,1</td>
<td>104,2</td>
</tr>
<tr>
<td>construction</td>
<td>117,6</td>
<td>113,0</td>
<td>107,5</td>
<td>111,5</td>
</tr>
<tr>
<td>physical volume of retail trade turnover</td>
<td>108,7</td>
<td>109,9</td>
<td>104,8</td>
<td>104,3</td>
</tr>
<tr>
<td>investments in fixed assets</td>
<td>103,3</td>
<td>112,2</td>
<td>107,8</td>
<td>109,1</td>
</tr>
</tbody>
</table>

The indices of construction volumes and the physical volumes of retail trade turnover have a certain stability. The dynamics of other indicators is not a stable one during the considered period and describes the significant decline of production during separate years. This is applied to all areas of industry, and also takes place in agriculture.

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The industrial development of the North Caucasus Federal District has territorial imbalances. The leading region here is Stavropol region, which accounts for 40-45% of annual revenue in mining and processing spheres of industrial sector. The industrial enterprises of the republic of Chechnya, Dagestan and Ingushetia have a high level of wear. The development of advanced industrial production is constrained here by low investment attractiveness, but within the strategy of socio-economic development of the North Caucasus Federal District until 2025 the following priority areas are revealed: the production of building materials, light and chemical industry, machine building, metallurgy, the mining of minerals and ores, crude oil processing.

The distinctive features of the North Caucasus Federal District agriculture is the predominance of private farm share, as well as the traditional dominance of crop products in the structure of the gross output among large and medium-sized agricultural enterprises. Animal husbandry is in a state of stagnation here, resulting in a high share of imports in the structure of meat, milk and their product consumption.

During last years there was a significant increase concerning the volume of investment into economy of the North Caucasus Federal District regions, but the volume of private investments per capita is the lowest one in in Russian Federation. The main reasons for this are the following ones: high risks, imperfect infrastructure and incentives for foreign investors; the absence of geographically oriented economic interests among large potential investors within the domestic segment of the market; the lack of funds for the development of projects at enterprises and among private entrepreneurs which perform their activities on the territories of the North Caucasus Federal District subjects; an undeveloped sector of small and medium-sized entrepreneurship.

Currently, there is a very uneven distribution of investments in the structure of Russian Federation subjects. The state share in the volume of capital investments into the fixed assets of NCFD regions significantly exceeds an average Russian level and ranges within 50-60%. In the Chechen Republic, this indicator exceeds 90%. Meanwhile, the private business sector is characterized by low investment activity, particularly in terms of social project financing. The prospects for a current situation improvement do not have sufficiently mature and appropriate prediction scenarios, so the determining role of the budgetary process and the accompanying fiscal relations in economic development promotion at the territorial level is an obvious one.

Nowadays adverse environmental conditions develop the threats for socio-economic stability at a regional level as the territorial and economic systems generate significantly less revenues than during the pre-crisis period. Governmental authorities need to diagnose the situation with the development and the execution of budget permanently, the implementation of intergovernmental relations and fiscal policy in general. In this regard only quantitative indicators may be the basis of analysis and allow to make objective conclusions about the quality of financial base development within the territorial socio-economic system.


The calculations carried out for NCFD regions indicate the presence of significant problems with the financial basis development concerning the territorial socio-economic system (Table 3). In poorly developed regions (the Republic of Dagestan, Ingushetia Republic) the tax payments to the budget system of the country per capita are below the fiscal capacity
2.5 - 7 times, while the average ration of these indicators in the regions of Russia makes 1.35:1.

Table 3

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Lack of budgets, %</th>
<th>Tax payments per 1 person, ths. rub.</th>
<th>Fiscal capacity, ths. rub. per 1 person (E-I) / P*100</th>
<th>A/P</th>
<th>E/P</th>
</tr>
</thead>
<tbody>
<tr>
<td>On the average in Russian Federation</td>
<td>-4,8</td>
<td>86,6</td>
<td>63,9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The Republic of Dagestan</td>
<td>-2,8</td>
<td>8,9</td>
<td>30,9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The Republic of Ingushetia</td>
<td>0,7</td>
<td>7,1</td>
<td>52,4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kabardino-Balkarian Republic</td>
<td>-6,6</td>
<td>14,5</td>
<td>35,0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Karachay-Cherkess Republic</td>
<td>-10,5</td>
<td>15,4</td>
<td>44,3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Republic of North Ossetia - Alania</td>
<td>-6,6</td>
<td>15,1</td>
<td>38,3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chechen Republic</td>
<td>-2,9</td>
<td>9,6</td>
<td>52,4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stavropol region</td>
<td>-5,0</td>
<td>25,8</td>
<td>35,3</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

where I, E - income and expenditures of the budget of a Russian Federation subject; A - the amount of taxes and levies in Russian Federation budget system; P - population number.

In recent years the level of budget deficit and the public debt of Russian regions increases. This leads to additional costs for its maintenance.

The budget deficit of Karachay-Cherkessia Republic reached 10.5% in 2014, the corresponding deficit of Kabardino-Balkarian Republic and the Republic of North Ossetia - Alania reached 6.6%. This indicates the lack of own tax potential and the accompanying dependence on federal transfers. Thus, the share of gratuitious transfers in the income of NCFD republics makes more than 50%. Thus, the fiscal capacity of these regions is below the average value by 30 - 45%.

The lack of tax potential in the North Caucasus regions is conditioned by special economy structure. Thus, the share of agriculture in regional GDP makes 13.8%, the share of processing industries makes 8.6%, the share of wholesale and retail trade makes 20.5%, while at average Russian values this share makes 4.2%, 17.4% and 18.0% respectively. It is known that the tax legislation provides the possibility of preferential taxation mode application for agricultural producers, as well as for small businesses, the most part of which operates in the field of trade. Thus, agriculture and trade are the main activities, which is the major factor in of tax revenue low level in Russian Federation budget system. Besides, in NCFD subjects a considerable part of population is occupied in farming, which is exempt from taxation, the amount of which shall be legally limited. A relatively low level of population employment and income, which make on the taxation base concerning population income shall also be taken into account.

As we see from Table 4 data, the low level of budget cost tax cover reduces the opportunities for economic regulation: the amount of budget spending on economy per capita in the poorest republics makes 3.2 thousand rubles. (Republic of Dagestan), 5.3 thousand. rub. (North Ossetia-Alania), 5.5 thousand rub. (the Republic of Kabardino-Balkaria). The volume of budget financing is higher in some regions according to the federal target program of development of the North Caucasus Federal District development and the separate republics (Ingushetia).

The effectiveness of fiscal policy characterizes the level of investment in fixed capital per capita and per 1 ruble of regional budget expenses in economy. The calculations show that the investment activity in the region republics is considerably below an average Russian indicator: from 31.5 thousand rubles per person (Kabardino-Balkaria) to 71.1 thousand. rub. (in Dagestan), compared to 92.7 thousand. rub. in Russian Federation regions. At that there is no direct relation between the amount of investment and budget financing, which suggests a possible time lag for return obtaining, and its small size. It is obvious that the fiscal policy efficiency determines mainly not budgetary expenditure, but the level of a region economic development and human capital. So, in Stavropol region the gross regional product per capita is higher than the average value in the District by 20.5%, respectively, and the private investments per ruble of budget spending on the economy make 6.2 rubles, while in Ingushetia these investments make 2.0, and in Karachay-Cherkess Republic these investments make 2.2 rubles.

Table 4

Fiscal policy effectiveness in NCFD regions (2014)*

<table>
<thead>
<tr>
<th></th>
<th>Budget spending on the economy per 1 person, thous. rub.</th>
<th>Private investments in capital stock per 1 rub. Of budget expenses in economy</th>
<th>The share of state and municipal investments in fixed assets, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>On the average in Russian Federation</td>
<td>12,2</td>
<td>53,7</td>
<td>4,4</td>
</tr>
<tr>
<td>The Republic of Dagestan</td>
<td>3,2</td>
<td>63,1</td>
<td>19,5</td>
</tr>
<tr>
<td>The Republic of Ingushetia</td>
<td>9,1</td>
<td>18,4</td>
<td>2,0</td>
</tr>
<tr>
<td>Kabardino-Balkaria Republic</td>
<td>5,5</td>
<td>20,7</td>
<td>3,8</td>
</tr>
<tr>
<td>Karachay-Cherkess Republic</td>
<td>7,4</td>
<td>16,1</td>
<td>2,2</td>
</tr>
<tr>
<td>Republic of North Ossetia - Alania</td>
<td>5,3</td>
<td>24,4</td>
<td>4,6</td>
</tr>
<tr>
<td>Chechen Republic</td>
<td>6,8</td>
<td>26,9</td>
<td>3,9</td>
</tr>
<tr>
<td>Stavropol region</td>
<td>6,0</td>
<td>37,0</td>
<td>6,2</td>
</tr>
</tbody>
</table>

Thus, the fiscal policy of the regions shall be focused on tax revenue increase of consolidated budgets, but not by the way of tax burden growth, and through the use of a complex of measures on the legalization of income from business activities, further improvement of tax incentive system, the development of modern tax base.

6. Optimization of Profit Taxation from the Point of Budget Process Subject Interests Agreement

The existing fiscal imbalance of NCFD regions cannot be resolved in a short term. It is necessary to organize consistently the impacts of macro- and meso-economic nature to strengthen and mobilize the tax capacity of reproduction complex. First of all, one should significantly improve the financing of investment projects in organizations through own resource sources. In this regard, the introduction of company profit taxation differentiated by sectors is very useful. The corresponding order and tariff preference amount should be determined by regional authorities and approved at the federal level.

As is known the taxation of profits is performed by the removal of the working capital part from profitable business entities, so the state regulation of economic relations is achieved by the change of an appropriate tax rate. When the tax rate is reduced the amount of financial resources managed by organizations increases. This amount may be invested in fixed assets [6]. Subsequently, at all other equal conditions, the prospects of profit increase from the sale of goods, works and services will be shown inevitably and the budget payments of enterprises will be increased by the tax base expansion.

Within the real conditions of economy it is quite difficult to achieve a simultaneous reduction of the tax rate and an increase budget revenues, as investment processes are characterized by a certain inertia. However, the things specified above are possible at high rates of the tax base growth conditioned by fiscal pressure decrease on the performance of economic entities. In its turn, the growth rates of tax base are determined by production profitability, working capital turnover rate, the ratio relatively constant and conditionally variable costs and by other reasons.

It is important to understand that these factors have an expressed industrial specificity, as the margin, for example, varies according to the areas of economy, and the rate of capital turnover depends on the technological nature of industry. Due to an equal income tax rate decrease in various fields contradictory results may be obtained: in ones, the tax base will continue to grow, providing simultaneous increase of state revenues, while in others the budget revenues will be reduced despite some of its enlargement. In this regard, public authorities of the region should take science-based solutions concerning income tax rate differentiation according to territorial specialization of an economic complex, its structure and the enterprise material and technical base condition.

Business revenues (balanced financial result) undergo quite a burdensome taxation, which significantly limits the possibilities of production expansion. The exceeding of seizures is conditioned not so much by profit tax rate, but by an extended interpretation of taxable profit. The results of studies suggest that in recent years taxable income by industries and categories of producers is 8-25% higher than an actual income identified in the accounting system. The convergence of their volumes will help to alleviate the tax burden on business and the expansion on legal segment. Since profit characterizes the difference between gains and losses, it is advisable to harmonize the determination of their parameters in accounting and taxation systems.
Regarding the income of business entities, fixed by tax accounting tools, the exceeding of the tax base is conditioned, as is known, by the right of tax authorities to increase the transaction price in cases of reasonable doubt in its legality [6]. Concerning customs transactions such a technique is justified, of course. However, the current legislation extends this right on transactions between related parties, as well as at transaction price decrease by 20% traditionally used by taxpayers (Art. 40, Section V.1 of the RF Tax Code).

Quite a tough taxation of transfer transactions at a holding raises some doubts about the feasibility of such an instrument of tax policy [7]. The purchase of products by one holding subject at a lower price will inevitably lead to an overstatement of profits for another member of the integrated formation due to the reduction of its material expenses. In this case, the tax base is partly transferred from one affiliated person to another. Therefore, the appearance of the full tax liability becomes a delayed one. The legislation of most economically developed states allows the right of taxpayers to balance the profit before tax. The borrowing of this practice allows to preserve and redistribute the financial resources necessary for the investment and the expansion of fixed assets among Russian economically related organizations.

Current legislation allows for double taxation of income for the groups of integrated companies as a manufacturer who sells a product at a lower price, pay tax on profit from lost profit, and then a buyer makes the same payment from the same benefit as his material costs were lower than previously established ones.

Since 2012 Russian Federation has the institution of consolidated taxpayer, assuming economically reasonable distribution profit tax payments by companies between the regional budgets in accordance with the indicators of fixed assets and the number of employees. It allows to take into account the losses in a tax base incurred by individual members of a consolidated group of taxpayers (CGT). The distribution order of this tax is of great importance for Russian Federation subjects. So the share of CGT participants accounts for a significant share of revenue: in 2013 - 20.3% of total corporate income tax paid to the regional budgets [8].

The possibility to create consolidated groups of taxpayers granted by the current legislation did not stimulate the increase of investments, and led, unfortunately, into the decrease of budget revenues from profit taxation. So, during the first seven months of 2014 the above stated decrease of "Gazprom" enterprises made 1.038 billion rubles, the decrease of "Lukoil" enterprises made 856 million rubles, the decrease of "EuroChem" enterprises made 337 million rubles, the decrease of SberBank made 223 million rubles, the decrease of "RZhD" made 136 million rubles in Russian Federation.

The negative effects of tax base consolidation by CGT participants may include an unexpected change of company income tax in the consolidated budget of the region, which makes the prediction of its revenues difficult. Besides, CTG actively uses the possibility of reduced tax rate (13.5%) application, established in some Russian Federation regions. In accordance with the RF Tax Code, a CTG participant has the right to establish a reduced tax rate on profits exceeding the actually received one on a given territory. Thus the opportunities for a tax base manipulation between regions is created in order to move it into regions with a lowered rate. This leads to a significant taxation shortfall.

In order to reduce the negative effects of a consolidated taxpayer institute introduction each CGT participant should disclose the information about amounts considered in the tax base of gains and losses, also in comparison with actually received ones.
7. Conclusion

Within the terms of an observed macroeconomic recession the accents of an anti-crisis fiscal policy development should be refocused on a regional level. In this case, the model of socially responsible investment stimulation may be implemented to expand economically viable activities, combining the maximization of the budget and intraeconomic efficiency. Only the management bodies of area development can differentiate effectively tax rates, to use tax preference tools reasonably, to combine intelligently the liberalization of record-keeping procedures with the improvement of the tax control technology, coordinating the economic interests of a state, business and population. Shifting the focus of the fiscal authorities and responsibilities on the regional level will contribute the increase of national reproductive complex operation sustainability in adverse environmental conditions and the achievement of social and economic stabilization.

Conflict of Interest

The author confirms that the presented data do not contain any conflict of interest.
References


Footnotes: