

Problems of Adjusting the Tax System During the Coronavirus Pandemic

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Abstract: The article is devoted to the characterization of changes in the tax system due to the negative impact of the coronavirus infection pandemic. It is emphasized that the changes should be combined, including with an active depreciation policy and has the priority of innovative development of the enterprise.

Keywords: tax policy, tax incentives, preferences, depreciation policy, indirect taxation, innovative development.

Introduction

In the context of the coronavirus pandemic, the relaxation of financial and economic relations between subjects and subjects with the population further worsened the situation in the financial market in terms of generating budget revenues. This circumstance is especially dangerous in connection with the mass corporatization of enterprises, which, probably, will not immediately be able to ensure not only the payment of dividends at the level of a minimum profitability for their owner, taking into account the taxation of legal entities, but also pay off debts with suppliers. This circumstance can significantly correct the predicted indicators taken as the basis for determining the amount of taxes.

It is advisable to start the definition of forecast indicators with the question of the mechanism of incentives for investments as a single process, including income tax, property taxation, tax credit [1]. With regard to the latter, the introduction of an investment tax credit could contribute to the creation of a crisis-adapted tax system. However, this type of tax incentives has not yet become widespread. Directions of investments for which a tax credit can be granted (import substitution, equipment for research and development and environmental protection, etc.) should be consistent with the capabilities of the addressee of this credit - enterprises, taking into account the number of employees in this enterprise. At the same time, limiting the size of the loan to 10% of the amount of equipment prices should be supplemented by a limit on the amount of tax payment reduction - no more than half. The most serious limitation on the investment tax credit should be the provision of tax inspectorates with the right to set any interest rate on the tax credit (not exceeding the inflation rate) [2]. Therefore, significant support for financing investment and innovation can help mitigate the impact of the financial and economic reserve on the development of enterprises. At the same time, in the world practice, the mechanism of the investment tax credit has proven itself as a financial instrument for supporting and implementing innovation processes.

Main part

The crisis - the coronavirus pandemic - shows high inflation rates and the low attractiveness of production activities due to the introduction of quarantine. In addition, one of the most effective in microeconomic terms for enterprises is the placement of temporarily free funds in deposits. As a result, there is a transfer of financial resources from the production sphere to the sphere of circulation, since it is the latter that today is practically the only real consumer of credit resources at real market interest.

One of the main shortcomings of the domestic tax system and the mechanisms associated with it is the lack of an active depreciation policy as a powerful lever to support enterprises, even at current inflation rates [3]. The development of market legislation on these issues is not to be expected. However, the revaluation of fixed assets can only expand the financial opportunities for investing in enterprises through depreciation, but this measure may be of a short-term nature. Particularly high inflation rates can significantly reduce the effect. At the same time, the revaluation of the value of fixed assets, especially in the context of the coronavirus pandemic, will have negative consequences. There will be new price hikes and bursts of insolvency [4].

There is a need to develop an active and differentiated depreciation policy, effective legislation on accelerated depreciation, along with a revision of the accounting system. This is necessary for a more complete and real reflection of the depreciation and size of the working capital of enterprises (from the standpoint not so much of their reproduction in natural-material form, but of the reproduction of capital). Such decisions can support enterprises, contribute to the accumulation of depreciation funds, while their transfer to wages would be difficult. At the same time, the inflow of funds into deposits of commercial banks, which are experiencing serious difficulties with passive operations in the context of the coronavirus pandemic, would increase, which also could not contribute to the stabilization of the credit resources market. In the meantime, the issue of the legal basis for using the accelerated depreciation regime against the backdrop of the coronavirus pandemic will remain unresolved.

The solution of such circumstances will allow us to formulate some, in our opinion, urgent directions for improving the tax system. First of all, the expediency of expanding income tax benefits for direct investment in the modernization of an enterprise in accordance with the goals and priorities already formed in the Tax Code. This applies, first of all, to investments in processing enterprises. Privileges for portfolio investments are also needed, with a strict delimitation of the income of real investors. For this purpose, reduced by 50% tax rates can be introduced on income from the increase in the value of securities in the event that they have been on the balance sheet of the enterprise for more than a year. A similar benefit should be established for individual investors [5]. This will also stimulate the declaration of individual income.

In order to support small businesses and private entrepreneurship, it is expedient to introduce a taxable minimum of profit (income) indexed to inflation rates.

Establishing a minimum in the context of at least 50% of the value of the first taxation interval for personal income will protect small businesses from growing inflation caused by the uneven international development of the economy in the context of the coronavirus pandemic [6].

The tax legislation currently provides for a regime for ensuring the financial stability of enterprises - the repayment of losses of previous years. And this regime must be associated with restrictions that neutralize the effect it brings. Firstly, this repayment of losses should be carried out within the 50% limit on the reduction of tax payments, and secondly, mandatory uniformity is provided for when writing off losses within five years. At the prevailing inflation rate, this means that this benefit is provided only for 1/5 of the amount of the loss repaid in the first year, while the rest of the loss will actually be "eaten up" by

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inflation. In addition, the regime of subsequent repayment of losses is now in effect. In a number of countries, economic entities have the right to allocate losses at their discretion for previous and subsequent years. This makes it possible to more effectively level out fluctuations in the amount of profit without having a significant impact on the amount of budget revenues. In the context of the coronavirus pandemic and the budget deficit that may develop in our country, it is, of course, difficult to implement such an approach, but the possibility of its use in the future cannot be completely ruled out.

Along with the benefits provided to businesses in connection with the coronavirus pandemic, which potentially lead to a decrease in the real tax rate, there are two elements in our tax system that increase the effective tax rate [7]. These are penalties for exceeding the normalized amount of expenses for payment in the cost price and penalties for exceeding the marginal levels of profitability. Their action leads to the fact that the real rate of withdrawal of profits of enterprises reaches 45%, while the nominal tax burden is 32% [8].

Today, an attempt is being made to pursue an independent tax policy in relation to banks and insurance organizations, the first step of which is their allocation to independent categories of payers [9]. The payment by these institutions of income tax at current rates (on income from insurance activities) bears mainly a fiscal burden, since it ensures a relatively greater stability of income receipts for this category of payers and in a number of cases makes it possible to significantly increase the effective income tax rate of a bank to the level of 60% and more.

Differences in the taxation procedure for these entities put them in unequal financial and tax conditions, distort their competitive positions, distort estimates of the effectiveness of investments in various assets and, in general, relatively increase the cost of banking and insurance services. This complicates the procedure for calculating taxes and creates conditions for tax maneuvering.

So, against the background of the coronavirus pandemic, the main tasks of adjusting the current tax system should be: ensuring the stability of tax conditions for all business entities; increasing the level of competence of employees of tax services; finalization of instructions on taxation issues in order to eliminate their various interpretations and contradictions with the legislation. The implementation of a unified balanced structural policy implies the allocation of fundamentally different innovative priorities in tax policy. In this regard, it is advisable to strengthen the stimulating role of taxation mainly within the framework of direct taxation by temporarily expanding investment benefits (due to the coronavirus pandemic and until the quarantine is lifted) regarding investments not only in own production, but also in portfolio and equity [10].

Conclusion

Benefits for innovative investments should be extended to individuals - individual investors. Accounting for sectoral differences in taxation should be concentrated in the field of depreciation policy. At the same time, benefits within the framework of certain types of tax should be linked to the scale of property taxation, and tax support for small businesses should include the introduction of a minimum tax-free income.

At the same time, the tax system can be focused on indirect taxation, in particular, on the taxation of value added tax and excises. At the same time, it is advisable to abandon the further complication of the mechanism for paying VAT, to prevent the formal formation of a fiscal tax system and the return of the tax system to a formally fiscal regime, and in practice to exempt purely financial flows from VAT.

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