Corporate Property Tax as One of the Factors of Sustainable Development

Larisa A. Aguzarova¹ and Fatima S. Aguzarova²
North-Ossetian State University named after K.L. Khetagurov, Vladikavkaz, Russia

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Abstract: The corporate property tax is recognized as a regional direct payment that goes to the budgets of the constituent entities of the Russian Federation. As the authors of the article rightly note, the sustainable development of the country's regions depends on the performance of this tax. Conducted in the study, the analysis allowed to conclude that the proportion of minor tax revenues in the budgets of the Russian Federation, despite the fact that taxes on the property he occupies a significant share. When studying the chosen topic, the most relevant problems are revealed, including: problems related to unstable tax legislation in the part of Chapter 30 of the Tax Code of the Russian Federation; problems of corporate property tax evasion, and others. The authors suggest ways to solve the identified problems: ensuring stable tax legislation; strengthening the procedure for conducting tax administration and control.

1 INTRODUCTION

The corporate property tax is one of the regional taxes. This means that the organizational and legal basis for its construction is established by the federal authorities, with the exception of such elements as tax rates, payment deadlines and tax benefits. These elements may be established by the authorities of the subjects of the federation within the permissible norm of the Tax Code of the Russian Federation.

The sustainable development of the regions is directly affected by the performance indicators of the corporate property tax in the budgets of the budget system of the Russian Federation.

Since the object of taxation of this tax is recognized as property, it is included in the group "Property taxes". In addition to the tax under consideration, this group includes: transport tax; gambling tax; land tax; and personal property tax.

2 RESEARCH METHODOLOGY

The value of the corporate property tax in the Russian tax system is not as high as, for example, the mineral extraction tax or the value added tax. However, the number of property taxes under consideration, the payment is ranked first in terms of revenue (Figure 1).
The data in Figure 1 confirm the fact that the corporate property tax dominates the property tax system of the consolidated budget of the Russian Federation for 2016-2019. For example, if in 2016 the amount of property taxes amounted to 1117.1 billion rubles, then 764.7 billion rubles of them are the component of the property tax of organizations, the amount of income from other property taxes is 352.4 billion rubles (Batashev, 2020).

The nature of the tax is that its payment is made regardless of whether there is the positive results of financial-economic activity of subjects or not, i.e. whether the owner of the property has the income from the use of the object or not, the removal of taxes is necessarily carried out (even with unprofitable activities of the organization). In this regard, the tax refers to direct real payments. In this case, there are advantages and disadvantages. The advantages include the fact that the payment of corporate property tax to the budget is inevitable, so this payment is characterized by the stability of revenues, it is not subject to various economic fluctuations and cataclysms. At the same time, the owner of the organization's property may suffer financial insolvency in different periods and then have to resort to loans, credits and other leverage to stay in the market (Aguzarova, 2018). Note that the already insolvent owner of the property additionally burdens himself by taking out a loan, which we consider a serious disadvantage.

3 RESULTS OF THE STUDY

In modern realities, the largest number of regional budgets are not self-sufficient, they need additional financial sources. Although the corporate property tax is recognized as a stable source, its component in the budget system of the subjects is insignificant. (Table 1).
Table 1: The share of corporate property tax in the budgets of the budget system of the Russian Federation for 2016-2019.

<table>
<thead>
<tr>
<th>Name of indicator</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Budgets Of The Budget System Of The Russian Federation</strong></td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>Budget revenues including:</td>
<td>28181,5</td>
<td>31046,7</td>
<td>37320,3</td>
<td>39497,6</td>
</tr>
<tr>
<td>Specific gravity., %</td>
<td>100,0</td>
<td>100,0</td>
<td>100,0</td>
<td>100,0</td>
</tr>
<tr>
<td>Property taxes From them:</td>
<td>1117,1</td>
<td>1250,5</td>
<td>1397,0</td>
<td>1351,1</td>
</tr>
<tr>
<td>Specific gravity., %</td>
<td>4,0</td>
<td>4,0</td>
<td>3,7</td>
<td>3,4</td>
</tr>
<tr>
<td>Tax on property of organizations</td>
<td>764,7</td>
<td>856,3</td>
<td>985,4</td>
<td>918,8</td>
</tr>
<tr>
<td>Specific gravity., %</td>
<td>2,7</td>
<td>2,8</td>
<td>2,6</td>
<td>2,3</td>
</tr>
</tbody>
</table>

| **Budgets of the constituent entities of the Russian Federation** |               |               |               |               |
| Budget revenues including:                            | 9923,8        | 10758,1       | 12392,5       | 13572,3       |
| Specific gravity., %                                   | 100,0         | 100,0         | 100,0         | 100,0         |
| Property taxes from them:                             | 1117,1        | 1250,5        | 1397,0        | 1350,9        |
| Specific gravity., %                                   | 11,3          | 11,6          | 11,3          | 10,0          |
| Tax on property of organizations                      | 764,7         | 856,3         | 985,4         | 918,8         |
| Specific gravity., %                                   | 7,7           | 8,0           | 8,0           | 6,8           |


The analysis carried out in Table 1 showed that for 2016-2019, the budget revenues of the budget system of the Russian Federation, including the revenues of the budgets of the subjects, are steadily increasing. As for the tax on the property of organizations, among them, it should be noted that there is an unstable income, since until 2018 there is a dynamic growth, in 2019, tax revenues decreased. In general, for the entire period, corporate property tax receipts increased by 154.1 billion rubles (performance 2019→→ performance 2017).

The decrease in tax revenues is due to the introduction of amendments to the Tax Code of the Russian Federation, concerning the taxation procedure. In accordance with Federal Law No. 302-FL of 03.08.2018 "On Amendments to Parts One and Two of the Tax Code of the Russian Federation", moveable property is excluded from taxation starting from the tax period of 2019 (Korshunova, 2020). As a result, the tax revenue decreased.

Despite the fact that the share of the tax in the budgets of the country's budget system increased in 2018, there is a decrease over the entire period: 2,7%; 2,8%; 2,6%; 2,3% accordingly. A similar indicator in the budgets of the constituent entities of the Russian Federation was: 7,7%; 8,0%; 8,0%; 6,8% accordingly.

It is important to note that until 2019, all property taxes, including the tax under consideration, were fully credited to the budgets of the constituent entities of the Russian Federation. However, since January 1, 2019, another payment has been added to the property tax system - the "Single Tax payment of an individual", which is distributed between the two levels of the budget system. Part of the proceeds from the payment of the new payment goes to the federal budget, the other part - to the budgets of the subjects of the Russian Federation. So, in 2019, the total amount of the single tax payment for individuals was 183204,3 thousand rubles, from them to the Federal budget allocated 183204,3 thousand RUB, the remaining 26.1 thousand RUB credited to the budget of the RF subject.

A single tax payment of an individual is recognized as money voluntarily transferred to the budget system of the Russian Federation to the corresponding account of the Federal Treasury by a taxpayer-an individual in order to fulfill the obligation to pay personal income tax, transport tax, land tax, and property tax (Isaev, 2019).

Figure 2 shows the dynamics of corporate property tax revenues in the budget revenues of the budget system of the Russian Federation for 2016-2019, in order to identify its role (Figure 2).
Figure 2: Dynamics of corporate property tax revenues in the budget revenues of the budget system of the Russian Federation for 2016-2019 (billion rubles).

Figure 2 shows that for 2016-2019, the corporate property tax does not play a significant role in the budgets of the budget system of the Russian Federation, including in the budgets of the constituent entities of the Russian Federation, and the proceeds from its payment are insignificant.

4 DISCUSSION OF THE RESULTS

Despite the fact that the tax on the property of organizations has a long-term practice of levying, problems with it remain to this day.

In Russia, the system of property payments paid by organizations due to the specifics of the historical development of the country is in the process of formation. In countries with developed market economies, a system of property taxes has already developed, taking into account both national characteristics and the uniqueness of individual territorial entities. First of all, this is due to the fact that property taxes are a significant source of income for the budgets of territories and affect their sustainable development (Kozin, 2020). Despite the fact that each country has its own methods and mechanisms for taxing the property of organizations, it is possible to distinguish a number of general principles for implementing the property tax mechanism: a single tax regime prevails; the object is land, buildings (industrial, residential) and other types of real estate.

It should be noted that problems still remain in the Russian system of property taxation in organizations. One of these problems is the mechanism for determining the tax base. In most countries, the calculation of the taxable base usually takes into account the market value of the property subject to taxation. In some countries, there are cadastre systems that are predefined for accounting for information about property objects, property. Benefits are mainly provided taking into account the specifics of the object, the type of real estate, and not taxpayers. Tax payments on property taxes of organizations are mainly received by local budgets.

In Russian tax practice, the procedure for determining the tax base is still undergoing a stage of reform (Alieva, 2021). Only since 2015, the tax base of some objects of property of organizations has been determined based on the cadastral value (shopping...
centers, administrative and business centers, premises not housing). The other part of the objects of property of organizations is still determined based on the average annual cost of fixed assets of the enterprise.

In our opinion, certain measures should be taken to solve the problem in this direction (Ilyasov, 2019). In particular, we completely eliminate the definition of the tax base of the property’s facilities organizations on the basis of the cadastral value (so that when determining the taxable base, only the cadastral value of the organization’s property is taken into account).

There are problems concerning the definition of objects of property of organizations. As you know, the objects of taxation include real estate owned by the owners and on the balance sheet of the enterprise (buildings, garages, etc.). When implementing control measures, tax authorities often identify incorrectly recorded or completely unaccounted objects of property of organizations, despite the fact that they are difficult to hide (Ivanov, 2021). This means that if an object of property is not taken into account, is not registered with the tax authorities and does not appear on the balance sheet as fixed assets, property tax property tax is not paid, because there is no information about this object. In the documentation of organizations, information on the object of taxation is incorrectly reflected, for example, the cadastral value is incorrectly indicated (either overstated or understated), the useful life, etc.

It is important to take into account one more point when determining the objects of real estate. The Civil Code of the Russian Federation refers to immovable objects of vessels subject to state registration: air, sea, inland navigation. In addition to the tax on the property of organizations, these objects are subject to transport tax (Vishnevsky, 2018). According to the tax legislation one and the same object may be the subject of tax payment only once during a single tax or accounting period. Here there is a fact of double taxation and this problem should be solved. It is advisable to pay attention to the fact that the Tax Code of the Russian Federation does not clearly define the concept of real estate. It is the absence of the concept that leads to double taxation.

As a recommendation to taxpayers, we note that you should carefully evaluate all the objects of property of organizations that are registered as real estate. It is important to take into account how autonomous each registered object is, how strongly it is involved in the technological processes of the enterprise, and other factors.

In order to avoid mistakes in the qualification of property as immovable, production companies may be recommended, based on a full-scale analysis of judicial practice, to develop methodological recommendations for their employees on such qualifications. It is necessary to describe in detail the rules and guidelines that should be used by staff when qualifying a newly acquired objects of fixed assets and registering them for accounting.

Such measures will help to level out some of the claims of the tax authorities in respect of fixed assets, for which the tax on the property of organizations is not planned to be calculated and paid.

An equally important problem of corporate property taxation is the instability of Russian tax legislation. In recent years, a large number of amendments have been made to Chapter 30 "Corporate Property Tax" of the Tax Code of the Russian Federation, which highlights the imperfection of legislative norms. For example, the list of real estate taxed at the rate of 0% has been changed. This innovation, on the one hand, only improved the financial situation of some payers (that is, the change occurred in favor of tax payers). However, on the other hand, as a result of changes in the list of immovable property taxed at the rate of 0%, tax revenues to the budget decreased (Federal Law No. 242-FL of 03.07.2016). The procedure for reflecting the property of organizations in the Unified State Register of Taxpayers in case of errors has also changed. Now the cadastral value should be taken into account from the tax period when this value was applied incorrectly.

The situation when there is an incorrectly specified information in the Unified State Register of Real Estate (hereinafter-USRT) (overstatement or understatement of the cadastral value) creates considerable problems with the payment of tax. For example, when the cadastral value is overstated, there is a special challenge mechanism that allows you to make certain adjustments to the calculation method and ultimately achieve a fairer tax assessment.

However, this definition is unique to others. For clarity, we will give the opposite situation. The taxpayer owns a real estate object that was estimated at 50 million rubles in the Unified State Register of Legal Entities. At first glance, it may seem that the amount is not small, however, since we are talking about the property tax of objects under the jurisdiction of the organization, the above amount is sufficient and acceptable. But at the same time, in this particular example, the amount of 50 million rubles turned out to be extremely low (due to a technical error in the USRT, relatively speaking, "one zero was lost").
Further, in the course of the planned regular revaluation, it was found that the object was already valued at 500 million rubles. It is obvious that real estate could not rise in price by 10 times, even though real estate prices in dynamics tend to increase (taking into account their physical wear and tear). The newly established cadastral value indicates that the previous estimate was incorrect in terms of the possibility of a technical error.

Note that Article 378.2 of the Tax Code of the Russian Federation states that the taxpayer in the case of revaluation (increase in cadastral value) must take into account the new cadastral value only from the next year. Both the tax authorities and the Supreme Court in the ruling of 19.07.2019 No. 305-KG18-17303 "If the taxpayer realizes that the cadastral valuation is initially greatly underestimated, he cannot expect that after its revision, the new value will be applied from the next tax period (Abakarova, 2020). In taxation, the fair market value, determined by the court in disputed cases, should be applied, including in respect of past tax periods” concluded that this applies exclusively to bona fide taxpayers. Relatively speaking, another taxpayer who decided not to draw attention to his undervalued 10 times (due to the smaller amount of tax payment) was in a hopeless situation for his bad faith.

At first, all the courts, including the Supreme Court of the Russian Federation, considered that an unscrupulous taxpayer could not expect to apply the increased cadastral value only from the next tax period, because he had to be aware of the fact of underestimating his estimate. And there is a situation in which the taxpayer needs to pay additional tax on the property of organizations for all previous years, taking into account the fact that it is necessary to evaluate the market value at their own expense at the beginning of each tax period and pay extra taking into account this point.

Thus, in addition to numerous inaccuracies and shortcomings, including in the tax legislation itself in the field of property taxation of organizations, which, as the above example has shown, can often turn against the taxpayer himself, he must also keep in mind the aspect of good faith and abuse of law, because a completely different level of control is formed by the tax authorities, with an eye on the behavior of the taxpayer (Lermontov, 2021).

It is no secret that every payer-legal entity tries to reduce the tax burden as much as possible, saving on tax payments. Since the initial value of the property is taken as the basis for calculating the tax on the property of organizations, there is a deliberate underestimation of it (the value of real estate is underestimated when buying). For example, an organization has acquired real estate on the market for a certain period of time. The official documents clearly indicate an undervalued price, by prior agreement of the parties to the transaction. This means that when determining the amount of corporate property tax, the amount of payment will be lower than the potential possible amount (Bryzgalin, 2020).

The result of such an example is a tax savings for the payer, and a loss of additional financial resources for the budget.

In accounting, there is such a concept as "physical wear and tear" (it is also called material or technical), which is understood as the loss over time (partial or complete) of the original characteristics of the property object as a result of the impact of various factors (natural, climatic, human, etc. factors). In other words, physical wear is understood as a deterioration in the operational properties of the property and a decrease in its value. The indicators of physical wear and tear are affected by the chronological age of the property object, the quality of materials.

5 CONCLUSIONS

Thus, we have identified the actual problems of taxation of the property of organizations. These include: the problem of determining the tax base (the part of the property is determined on the basis of the cadastral value, the other part is based on the average annual value); the problem of determining the properties of the entities (objects of property considered incorrect or is breached, also is the place to be double taxation); problems associated with the unstable tax legislation in the part of Chapter 30 "the property Tax of the organizations" of the tax code; problems of corporate property tax evasion; problems of property exploitation, the useful life of which has been exhausted.

To solve the identified problems, we propose: to completely reduce the definition of the taxable base of the objects of property of organizations based on the cadastral value; to clarify the objects of real estate (to evaluate the objects of property of organizations registered as real estate); to ensure stable tax legislation (so that the norms of tax legislation are permanent and accurate); to strengthen the procedure for tax administration and control (so that there is no fact of tax evasion); to eliminate worn-out objects of property from life.
REFERENCES


