



Investment Activity of Natural Persons: Russian Experience of Tax Stimulation

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ABSTRACT

This article examines the problems of the defining investment activity of natural persons in the Russian Federation and in the world community and provides offers on its stimulation. In modern Russia, much attention is paid to the taxation policy in the line of stimulation of enterprises investment activity. Thus, an extremely important task is that of state stimulation of investments in the creation and development of the profitable enterprises. In the article, we consider the issue of creating a favorable taxation climate for innovation activity. The taxation system of the Russian Federation should provide the possibility for the creation of a demand for investments in new technologies, equipment modernization and introduction of research results. Human capital is the main factor of economic development. Nowadays, negative trends exist in the development of human potential, characterized by a low quality and decrease of the social education services accessibility level.

Keywords: Personal Income Tax, Investment Activity, Innovative Development, Economy Modernization, Tax Incentives and Preferences, Tax Instruments

JEL Classifications: F21, H21, H24

1. INTRODUCTION

In modern Russia and the world, much attention is paid to the taxation policy in the areas of enterprises investment activity stimulation (Kiseleva and Hayrova, 2013. p. 119-127). This is a priority area that is developed by the state, taking into account the accumulated experience of previous years. One should understand investments as short-term, middle-term and long-term investments in projects (enterprises).

It is generally known that any innovations produce an effect in the future. At the same time, the process of introduction of innovative technologies and other advanced achievements of humankind at large enterprises can be very difficult, as significant investments, which the majority of enterprises lack, are required – This problem has not been scientifically solved yet (Anosova and Kabir, 2013. p. 12-16).

Consequently, the issue of investments attraction arises. In the conditions of Russian reality, it is necessary to search for sources of large projects funding in the state. Therefore, an extremely

important task is that of state stimulation of investments in the creation and development of profitable enterprises (Smirnova, 2011. p. 47-49).

In this article, the author considers the issue of creating a favorable taxation climate for innovation activity and shows the practical significance of the research. The taxation system of the Russian Federation must provide opportunity to create a demand for investments in new technologies, equipment modernization and the implementation of scientific researches results in the production of not only the country, but the entire world, as well (Smirnova, 2013).

It is common knowledge that the taxation system of Russia, both in the past and the present, has contained and still contains a big number of advantages, which do not yield results, but are simply abused by enterprises for personal needs (Smirnova, 2012. p. 33-37).

One cannot reject the positive effect of investments taxation stimulation, for example, the investment taxation advantage on income tax.

However, the majority of enterprises do not use taxation advantages for the purposes of investment activity stimulation, which negatively influences the investment processes in the economy of Russia as a whole. In this case, the efficiency is reduced and the country is subjected to a negative effect.

In this context, investments taxation stimulation must be point-like. Allocation of funds must be controlled individually for each project and therefore it is necessary to designate a financial expert attached to the enterprise, who will be financially responsible for the allocated funds. In addition, it is important to understand that all project (enterprise) managers should assume personal financial responsibility (Popova et al., 2011).

Regarding the general formulation, it is important to create such acting taxation stimuli, which allow to enhance the competitive ability of the Russian economy at the expense of additional funding of manufacture modernization and implementation of the latest achievements of science and technology. It is necessary to provide a clear understanding of which enterprises are of strategic importance for the future of the country and which enterprises simply want to spend the obtained funds in vain. The taxation stimulation will be useful for the redirection of financial flows toward the most promising branches of the economy.

2. ANALYSIS OF RESEARCH METHODS AND PUBLICATIONS

The objective of the article is to analyze problems of defining the investment activity of natural persons in the Russian Federation and to give suggestions regarding its stimulation for the world economy and financial sciences.

Tasks:

1. To select major areas of investment activity tax stimulation
2. To consider the general reduction of the tax burden
3. To consider an effective mechanism of investment activity tax stimulation
4. To show the data of sociological polls regarding persons' investment activity use
5. To describe different methods of engaging in investment activity in Argentina
6. To describe different methods of engaging in investment activity in Europe
7. To assess tax deductions for Russian residents
8. To show the difference between dividends and incomes if the company incurs losses
9. To carefully examine the special 35% tax rate
10. To provide a system of indicators describing the natural persons' investment activity level.

Resume:

1. Two major areas of investment activity tax stimulation exist in Russia
2. The level of tax burden that provides sufficient investment activity of manufacturers is 35-38% of the total revenue
3. Effective investment activity tax stimulation mechanisms

suggest the introduction of a system of tax benefits and incentives for the growth of investment activity and a system of tax sanctions for the opposition of this process's optimization

4. Sociological polls data shows that <15% of natural persons are planning to engage in investment activity
5. The compulsory condition of the tax amnesty in Argentina in 1987 was the contribution of the legalized capital to the national investment funds with a view to the purchasing equipment, creation of new production facilities and further industrialization of the country
6. Italy and Spain, too, are interesting examples to use in Russia with a view to investment activity stimulation
7. The size of tax deductions, calculated in the current tax period, may not exceed the amount of the tax base defined in accordance with the relevant transactions of the given tax period
8. If at the end of the tax period, according to the accounting report of the organization, losses have been incurred, dividends, paid at the expense of the interim net profit in the first quarter, half-year or 9 months (until the end of the tax period), may not be regarded for the purposes of profits taxation as dividends according to the results of the tax period
9. The tax base (tax rate being 35%) is the income in the form of payment for the use of credit consumer cooperative members (shareholders) funds, interest for the use of agricultural credit consumer cooperative funds attracted in the form of loans from agricultural credit consumer cooperative members or agricultural credit consumer cooperative associate members
10. A system of indicators should be applied in order to assess the natural persons' investment activity level: The share of revenue from the investment activity (growth rate) in the total amount of personal incomes; the share of expenditures, aimed at engaging in investment activity (growth rate) in the total amount of personal expenses; the investment activity incomes structure; the structure of expenditures, aimed at engaging in investment activities; the investment activity profitability (the ratio of investment activity net proceeds and investment activities expenditures); the tax burden in terms of taxation of the investment activity income (speaker).

In literature, the issue of investment activity taxation stimulation in Russia has been considered from different perspectives. Researchers study tax simulation in different countries, depending on taxes and investments, in five areas:

1. The taxation stimulation of investments in the basic capital (Bychkova, 2011; Havanova, 2013)
2. The preferential taxation investment activity state stimulation effectiveness (Anosova, 2013; Makarov, 2013; Shkrebel, 2012)
3. The investments stimulation taxation policy of Russia (Anosova, 2013; Giray, 2014; Kiseleva, 2013; Trojan, 2013)
4. The state instruments of taxes reduction investments stimulation (Anosova, 2013; Popov, 2012; Ryahovsky, 2012; Saveliev, 2012; Zabalueva, 2010)
5. The investments taxation stimulation experience and prospects (Feoktistova, 2010; Voronin et al., 2012; Zhuravlev, 2013).

Examining these authors and their works makes it possible to trace the methods of researching the modern tax system and its simulation.

3. MATERIALS AND RESULTS STATEMENT

In modern literature, authors quite often examine the problem of organizations, regions and states investment activity improvement.

The scientific novelty lies in the fact that nowadays there are two major areas of investment activity tax stimulation. The first of them is the tax burden general reduction. The experience of the economic development of many states and assessments of domestic and foreign economists show that the tax burden level that provides a sufficient investment activity of manufacturers is 35-38% of the total revenue. According to the Russian Tax Courier (2011. p. 18-22), another active tax factor of investment activity growth is the creation of an effective investment activity tax stimulation mechanism in the Russian economy. The optimization of this mechanism suggests the introduction of a tax benefits and incentives system with a view to the growth of investment activity and a tax sanctions system for the opposition of this process's optimization.

The experience of many foreign countries shows that the most complete investment, one that ensures the balanced development and qualitative improvement of the economy and a major attraction of foreign investments, is achieved in states, wherein active tax protectionism in relation to domestic and foreign investors on the part of state administration bodies is implemented. Moreover, even during the periods of crises and the most radical tax reforms in developed and developing countries of the world, tax credits on funding for charity purposes and on investment activities remain in first place, since the latter provides a steady innovative development of the state economy.

By investing temporarily uncommitted funds in securities, using them in order to increment value, natural persons are engaging in investment activity.

The data of sociological polls shows that <15% of natural persons plan to engage in investment activity, indicating, among other reasons preventing them from doing so, the complexity and ambiguity of the tax legislation.

It should be noted that among the personal income tax payers, those who earn investment activities income, will pay <2% of the total tax. It seems appropriate to apply tax regulation methods to stimulate investment activity.

A direct (mediated by a tax rate change or the provision of tax deductions) and indirect (administrative) method are distinguished among such methods.

Examples of the application of indirect methods are as follows. A compulsory condition of the 1987 tax amnesty in Argentina was the contribution of legalized capital to the national investment funds with a view to the purchasing of equipment, the creation

of new production facilities and further industrialization of the country.

In Italy in 2001, under the tax amnesty, the applicant was obliged to pay 2.5% of the declared property value or to purchase Italian securities in an amount equal to 12% of the private property value. Revenues associated with the performance of the investment activity, in our opinion, should be divided into bank deposits income and securities operations income, co-operatives members' income (Makarov, 2013).

According to Trojan and Tyurin (2013. p. 80-88), a phasing out of benefits property tax should be provided, in Russia, which will be the establishing reduced marginal tax rates property tax for 7 years. The tax rates raising schedule:

- From January 1, 2013 - 0.4%,
- From January 1, 2014 - 0.7%,
- From January 1, 2015 - 1.0%,
- From January 1, 2016 - 1.3%,
- From January 1, 2017 - 1.6%,
- From January 1, 2018 - 1.9%,
- From January 1, 2019 - 2.2%.

In 1991 a failed tax amnesty was held in Spain. The budget received only 2% of the amount planned. The amnesty implied the legalization of capital, with the condition of paying a 10% penalty to the budget. In terms of the legalization of international investment activities income, the penalty constituted 8% of the revenue.

In accordance with Article 214.1 of the Tax Code of the Russian Federation (1998), in determining the income tax base on securities transactions and futures deals financial instruments operations, one should take into account the income from the following operations:

1. With securities circulating on the organized securities market;
2. With securities not circulating on the organized securities market;
3. With futures deals financial instruments circulating on the organized market;
4. With futures deals financial instruments not circulating on the organized market.

Trading securities operations income is a recognized income from the sale (redemption) of the securities received during the tax period.

Interest (coupon, discount) income, earned during the tax period on securities, is included in the securities operations income.

Futures deals financial instruments operations income shall be recognized as income from the sale of financial instruments of terminal transactions, received during the tax period, including variation margin amounts and premiums on contracts (Saveliev, 2012. p. 182-185). Income from operations with the basic asset of financial instruments of futures deals shall be recognized as income earned from the delivery of the underlying asset during the execution of such transactions (Bychkova and Zhdankina, 2011. p. 64-68).

Income earned from operations with securities, marketable and non-marketable on the organized securities market, with the financial instruments of futures deals, traded and not traded on the organized market, carried out by the trustee (with the exception of the managing companies performing trust management of the property constituting the mutual investment fund) in favor of a beneficiary – A natural person, shall be included in a beneficiary's income from the above transactions.

Income received from operations with the basic asset of financial instruments of futures deals shall include:

1. Income from operations with securities, if the underlying asset's financial derivatives are securities;
2. Income earned from futures deals financial instruments operations, if the basic assets of terminal transactions financial instruments is other terminal transactions financial instruments;
3. Other taxpayer income, depending on the type of the underlying asset, if the underlying assets of the futures deals financial instrument are not securities or terminal transactions financial instruments.

The tax deduction procedure during the transfer of securities operations and futures deals financial instruments operations losses to future periods is provided:

1. In the amount of losses incurred from operations with securities traded on the organized securities market;
2. In the amount of losses incurred from transactions with financial instruments of futures deals circulating on the organized market.

The amount of tax deductions is determined based on the amount of losses incurred by the taxpayer in the previous tax periods (within 10 years starting from the tax period, for which the tax base is defined). In this case, when determining the amount of tax deductions during the tax period, for which the tax base is defined, the amount of losses incurred by the taxpayer for more than one tax period is considered in the order, in which the losses occurred (Anosova and Kabir, 2013. p. 3-25).

The tax deductions amount, calculated during the current tax period, may not exceed the amount of the tax base defined according to the relevant transactions during this tax period. The amount of taxpayer losses, not taken into account when determining the tax deductions amount, can be taken into account when determining the tax deductions amount in the following tax periods.

National experience shows that tax deductions during the transfer of investment partnership participation losses to future periods are provided:

- In the amount of losses incurred from the taxpayer's investment partnerships' operations with securities circulating on the organized securities market (Tatarenko, 2013. p. 525-534);
- In the amount of losses incurred from the taxpayer's investment partnerships' operations with securities not circulating on the organized securities market (Voronin et al., 2012. p. 63-70);

- In the amount of losses incurred from the taxpayer's investment partnerships' operations with financial instruments of futures deals not circulating on the organized securities market (Zabalueva, 2010. p. 106-109);
- In the amount of losses incurred from the taxpayer's investment partnerships' operations with the participation interests in organizations' charter capital (Zhuravlev, 2013. p. 134-139);
- In the amount of losses incurred from other taxpayer's investment partnerships' operations (Anosova and Kabir, 2013. p. 3-15).

Tax deductions are granted in the amount of losses actually incurred by the taxpayer from relevant investment partnership operations during previous tax periods within the value of the tax base for such operations (Currants, 2013, p. 157-166).

The amount of tax deductions, stipulated by the given article, shall be determined based on the amount of losses incurred by the taxpayer during previous tax periods (within 10 years, starting from the tax period, for which the tax base is defined) (Kostennikov and Kurakin, 2010). In this case, when determining the amount of tax deduction during the tax period, for which the tax base is defined, the amount of losses incurred by the taxpayer for more than one tax period is considered in the order, in which the losses occurred.

The tax deductions amount under this article, calculated during the current tax period, may not exceed the amount of the tax base defined according to the relevant transactions during this tax period. The amount of taxpayer losses is not taken into account when determining the tax deductions amount, but can be taken into account when determining the tax deductions amount during the following tax periods (Currants, 2013. p. 157-166).

Different tax rates are currently applied for the taxation of such income; in addition, the Tax Code of the Russian Federation (1998) establishes tax base determination peculiarities.

Bank and other credit organizations deposits income shall be determined as follows, in accordance with the Federal law dated December 2, 1990, No. 395-1 "On banks and banking activity": A cash deposit in the currency of the Russian Federation or foreign currency, deposited by natural persons for storage and income purposes. Deposit income shall be paid in monetary form as interest (Feoktistova, 2010. p. 275-279). Deposits can only be accepted by banks that have the appropriate right, in accordance with the license issued by the Bank of Russia, participate in the banks natural persons' deposits mandatory insurance system, are registered with the organization and are performing deposits mandatory insurance functions.

Income from securities and participating interests in commercial organizations are dividends and interest obtained from a Russian organization.

In accordance with Article 43 of the Tax Code of the Russian Federation (1998), a dividend is understood to be any income

earned by a shareholder (participant) of the organization in the distribution of the profit after taxes (including in the form of interest on preference shares), owned by the shareholder (member) of the shares (stakes) in proportion to the shareholders (participants) in the authorized (share) capital of this organization (effective tax rate in the amount of 9%).

The world community and science both recognize the following as not dividends:

1. Payments during the liquidation of the organization of the shareholder (participant) of this organization in monetary or natural form, not exceeding the contribution of this shareholder (participant) to the authorized (share) capital of the organization;
2. Distributions to shareholders (participants) of the organization in the form of transfer of shares of the same organization in hand.

If the organization pays the employee in shareholders dividends instead of wages, this can be considered a tax scheme for identifying the following circumstances:

1. In accordance with the Federal law dated February 08, 1998 "On limited liability companies" and the Federal law dated December 26, 1995 "On joint-stock companies", the payment of dividends is carried out according to the results of the year or at the end of the quarter, subject to the existence of net profit;
2. Not to pay dividends in cases, determined by law (if the net assets value is less than the size of the authorized capital, etc.);
3. The profit shall be distributed in proportion among the participants, otherwise, for payments taxation purposes, it will not be recognized as dividends;
4. A low level of wages and significant payment of income in the form of dividends.

Tax authorities have noted that if at the end of the tax period, according to the accounting report of the organization, losses have been incurred, i.e., no profit remains after the profits tax, dividends, paid at the expense of the interim net profit in the first quarter, half-year or 9 months (until the end of the tax period), may not be regarded for the purposes of profits taxation as dividends according to the results of the tax period. For natural persons, the said payments shall be recognized as income, taxable at the rate of 13% (Raabe et al., 2015. p. 62-75).

Interest is recognized in advance of any declared (established) income, including income in the form of discount received by a debt obligation of any kind (regardless of the method of its emersion). Income earned from cash deposits and debt obligations, in particular, is taken into account when this interest is recognized.

Income in the form of interest earned by taxpayers from deposits in banks located in the territory of the Russian Federation is included in the calculation of the tax base, by applying the rate of 35%, if:

- The ruble deposits interest is paid within the amounts calculated proceeding from the current refinancing rate of

the Central Bank of the Russian Federation increased by 5% points during the period for which the said interest is accrued;

- The statutory tax rate does not exceed 9% per annum on foreign currency deposits;
- The interest on ruble deposits, on the date of the conclusion of the agreement or any extension of the agreement, was established in the amount that does not exceed the effective refinancing rate of the Central Bank of the Russian Federation increased by 5% points, provided that during the period of interest the deposit interest accrual amount is not increased and not more than 3 years have passed from the moment when a ruble deposit interest rate exceeded the refinancing rate of the Central Bank of the Russian Federation increased by 5% points (Shkrebel, 2012. p. 73-83).

The tax base (tax rate being 35%) includes income in the form of payment for the use of credit consumer cooperative members' (shareholders') funds, the interest for the use of agricultural credit consumer cooperative funds attracted in the form of loans from agricultural credit consumer cooperative members or agricultural credit consumer cooperative associate members:

- Interest paid within the amounts calculated proceeding from the current refinancing rate of the Central Bank of the Russian Federation increased by 5% points during the period for which the said fees are calculated (Sbezhev and Fadeev, 2011. p. 29-31);
- Interest, for which the credit consumer cooperative (shareholders) funds use fee amount is calculated, the interest on the use of agricultural credit consumer cooperative funds attracted in the form of loans from agricultural credit consumer cooperative members or agricultural credit consumer cooperative associate members, which on the date of signing of the agreement or any extension of the agreement were established in the amount that does not exceed the effective refinancing rate of the Central Bank of the Russian Federation increased by 5% points, provided that during the period of interest accrual, the contractual interest amount has not increased and not more than 3 years have passed from the moment, when the contractual interest rate exceeded the refinancing rate of the Central Bank of the Russian Federation increased by 5% points (Popov, 2012. p. 208-218).

The author considers it expedient that the Tax Code of the Russian Federation (1998) be amended and a tax rate of 13% be introduced.

In order to assess the natural persons' investment activity level, one should use a system of indicators:

- The investment activity (growth rate) revenue share in the total amount of natural persons' incomes
- The share of investment activity (growth rate) expenditures in the total amount of natural persons' expenses
- The investment activity incomes structure
- The investment activities expenditures structure
- The investment activity profitability (the ratio of investment activity net proceeds and investment activities expenditures)
- The tax burden in the part investment activity income taxation (speaker).

Major changes to the tax system, planned for implementation in the coming years, have already been defined in a number of documents (Havanova, 2013. p. 89-93). They are the main tax policy focal points for the next year and planning period, approved in previous years, the message and orders of the President of the Russian Federation and Chairman of the Government of the Russian Federation, as well as “road maps” in various industries, approved to date (Ryakhovsky, 2012. p. 75-78). This section presents the

main measures in the tax policy area, which the Government of the Russian Federation will be offering during the planning period and offers tax system parameters necessary for drawing up the budget forecasts.

The tax policy main focal points for 2015 and the planning period of 2016 and 2017, approved by the Government of the Russian Federation on July 01, 2014, are indicated in Table 1.

Table 1: Tax policy measures planned for implementation in 2015 and the planning period of 2016 and 2017

Types of excisable goods	Tax rate <1> (Percentage and (or) rubles per unit)		
	From 1 January to 31 December 2015, both dates inclusive	From 1 January to 31 December 2016, both dates inclusive	From 1 January to 31 December 2017, both dates inclusive
Ethyl alcohol produced from food or non-food raw materials, including denatured ethyl alcohol, raw alcohol, wine distillates, grape, fruit, brandy, calvados, whiskey			
Implemented by organizations engaged in the production of alcohol-containing perfumes and cosmetics in metal aerosol package and (or) alcohol-containing household chemical products in metal aerosol package, and organizations that pay excise duties in advance (including ethyl alcohol imported into the Russian Federation from the territory of member-states of the Customs Union, Customs Union commodities), and [or] transferred under transactions, recognized subject to the excise tax in accordance with subparagraph 22 paragraph 1 of Article 182 of the Tax Code of the Russian Federation and [or] implemented [or] transferred to manufacturers in the structure of an organization) to produce goods that are not recognized excise according to subparagraph 2 of paragraph 1 of Article 181 of the Tax Code of the Russian Federation;	0 rubles/1 L of anhydrous ethyl alcohol contained in excisable goods	0 rubles/1 L of anhydrous ethyl alcohol contained in excisable goods	0 rubles/1 L of anhydrous ethyl alcohol contained in excisable goods
Implemented by organizations that are not paid an excise duty down payment (including those imported into the Russian Federation from outside the Customs Union), and (or) transferred within the structure of an organization in the taxpayer's operations commission, recognized subject to the excise tax, except for operations indicated in subparagraph 22 paragraph 1 of Article 182 of the Tax Code of the Russian Federation, and with the exception of ethanol sold (or transferred by producers within the structure of an organization) to produce goods without excise, recognized in accordance with paragraph 2 of paragraph 1 of Article 181 of the Tax Code of the Russian Federation, and ethyl alcohol applied by organizations engaged in the production of alcohol-containing perfumes and cosmetics in metal aerosol package and (or) alcohol-containing household chemical products in metal aerosol package	93 rubles/1 L of anhydrous ethyl alcohol contained in excisable goods	102 rubles/1 L of anhydrous ethyl alcohol contained in excisable goods	107 rubles/1 L of anhydrous ethyl alcohol contained in excisable goods
Alcohol-containing perfumes and cosmetics in metal aerosol package	0 rubles/1 L of anhydrous ethyl alcohol contained in excisable goods	0 rubles/1 L of anhydrous ethyl alcohol contained in excisable goods	0 rubles/1 L of anhydrous ethyl alcohol contained in excisable goods

Contd...

Table 1: Contd...

Types of excisable goods	Tax rate <1> (Percentage and (or) rubles per unit)		
	From 1 January to 31 December 2015, both dates inclusive	From 1 January to 31 December 2016, both dates inclusive	From 1 January to 31 December 2017, both dates inclusive
Alcohol-containing household chemicals in metal aerosol containers	0 rubles/1 L of anhydrous ethyl alcohol contained in excisable goods	0 rubles/1 L of anhydrous ethyl alcohol contained in excisable goods	0 rubles/1 L of anhydrous ethyl alcohol contained in excisable goods
Alcohol-containing products (except for alcohol-perfumes and cosmetics in metal aerosol package, alcohol-containing household chemicals in metal aerosol package)	400 rubles/1 L of anhydrous ethyl alcohol contained in excisable goods	400 rubles/1 L of anhydrous ethyl alcohol contained in excisable goods	418 rubles/1 L of anhydrous ethyl alcohol contained in excisable goods
Alcohol products with an ethyl alcohol volume content of more than 9% (except beers, wines, fruit wines, sparkling wines, wine beverages, produced without the addition of rectified ethyl alcohol produced from food raw materials and [or] fortified grape or other fruit mash and [or] wine distillate and [or] fruit distillate)	500 rubles/1 L of anhydrous ethyl alcohol contained in excisable goods	500 rubles/1 L of anhydrous ethyl alcohol contained in excisable goods	523 rubles/1 L of anhydrous ethyl alcohol contained in excisable goods
Alcohol products with an ethyl alcohol volume content of to 9%, inclusive (except beers, drinks made on the basis of beers, wines, fruit wines, sparkling wines [champagne], cider, perry, mead, wine drinks produced without the addition of rectified ethyl alcohol produced from food raw materials and [or] fortified grape or other fruit mash, and [or] wine distillate and [or] fruit distillate)	400 rubles/1 L of anhydrous ethyl alcohol contained in excisable goods	400 rubles/1 L of anhydrous ethyl alcohol contained in excisable goods	418 rubles/1 L of anhydrous ethyl alcohol contained in excisable goods
Wine, fruit wine (except sparkling wine [champagne], wine drinks, produced without the addition of rectified ethyl alcohol produced from food raw materials and [or] fortified grape or other fruit mash, and [or] wine distillate and [or] fruit distillate)	8 rubles/1 L	9 rubles/1 L	10 rubles/1 L
Cider, perry, mead	8 rubles/1 L	9 rubles/1 L	10 rubles/1 L
Sparkling wine (champagne)	25 rubles/1 L	26 rubles/1 L	27 rubles/1 L
Beer with a normative (standardized) ethanol volume content of up to 0.5%, inclusive	0 rubles/1 L	0 rubles/1 L	0 rubles/1 L
Beer with a normative (standardized) ethyl alcohol volume content of over 0.5%, up to 8.6%, inclusive, drinks, produced on the basis of beer	18 rubles/1 L	20 rubles/1 L	21 rubles/1 L
Beer with a normative (standardized) ethyl alcohol volume content of over 8.6%	31 rubles/1 L	37 rubles/1 L	39 rubles/1 L
Pipe tobacco, smoking, chewing, sucking, snuff, hookah (with the exception of tobacco, used as raw material for the production of tobacco products)	1800 rubles/1 kg	2000 rubles/1 kg	2200 rubles/1 kg
Cigars	128 rubles/1 unit	141 rubles/1 unit	155 rubles/1 unit
Cigarillos (cigarittes), bidis, kretek	1920 rubles/1000 units	2112 rubles/1000 units	2207 rubles/1000 units
Cigarettes and cigarettes in consumer package	960 rubles/1000 units+9.0% of estimated cost calculated on the basis of the maximum retail price, but not <1250 rubles/1000 units	1200 rubles/1000 units+9.5% of estimated cost calculated on the basis of the maximum retail price, but not <1600 rubles/1000 units	1320 rubles/1000 units+10.0% of estimated cost calculated on the basis of the maximum retail price, but not <1760 rubles/1000 units
Cigarettes and cigarettes without consumer package (casing)	1250 rubles/1000 units	1600 rubles/1000 units	1760 rubles/1000 units
Vehicles			
With an engine capacity of up to 67.5 kW (90 hp) inclusive	0 rubles/0.75 kW (1 HP)	0 rubles/0.75 kW (1 HP)	0 rubles/0.75 kW (1 HP)
With an engine capacity of more than 67.5 kW (90 hp) and up to 112.5 kW (150 hp) inclusive	37 rubles/0.75 kW (1 HP)	41 rubles/0.75 kW (1 HP)	43 rubles/0.75 kW (1 HP)
With an engine capacity of more than 112.5 kW (150 hp)	365 rubles/0.75 kW (1 HP)	402 rubles/0.75 kW (1 HP)	420 rubles/0.75 kW (1 HP)

Contd...

Table 1: Contd...

Types of excisable goods	Tax rate <1> (Percentage and (or) rubles per unit)		
	From 1 January to 31 December 2015, both dates inclusive	From 1 January to 31 December 2016, both dates inclusive	From 1 January to 31 December 2017, both dates inclusive
Motorcycles with an engine capacity of more than 112.5 kW (150 hp)	365 rubles/0.75 kW (1 HP)	402 rubles/0.75 kW (1 HP)	420 rubles/0.75 kW (1 HP)
Motor gasoline			
Not complying with Class 3, Class 4 and Class 5	13,332 rubles/1 ton	13,332 rubles/1 ton	13,332 rubles/1 ton
Class 3	12,879 rubles/1 ton	12,879 rubles/1 ton	13,332 rubles/1 ton
Class 4	10,858 rubles/1 ton	10,858 rubles/1 ton	13,332 rubles/1 ton
Class 5	7750 rubles/1 ton	9500 rubles/1 ton	9928 rubles/1 ton
Diesel fuel			
Not complying with Class 3, Class 4 and Class 5	7735 rubles/1 ton	7735 rubles/1 ton	7735 rubles/1 ton
Class 3	7735 rubles/1 ton	7735 rubles/1 ton	7735 rubles/1 ton
Class 4	5970 rubles/1 ton	5970 rubles/1 ton	7735 rubles/1 ton
Class 5	5244 rubles/1 ton	5970 rubles/1 ton	6239 rubles/1 ton
Motor oils for diesel and (or) carburetor (injection) engines	9086 rubles/1 ton	9577 rubles/1 ton	10 thousand rubles/1 ton
Naphtha	13,502 rubles/1 ton	14,665 rubles/1 ton	15,325 rubles/1 ton
Domestic heating fuel	7735 rubles/1 ton	7735 rubles/1 ton	7735 rubles/1 ton

<1> – The decision on the establishment in 2016-2017 of excise rates amounts indicated in this document based on the results of additional analysis

4. RESULTS

Nowadays, the assessment of tax consequences, described by analysing taxpayer tax risks, is an obligatory condition for operations execution, including those with the natural persons' tax payment optimisation. When calculating taxes, it is possible to perform an objective assessment of the natural person's tax risks by using the following probability measures of taxation parameters changes:

1. Taxation parameters change average profitability (X_{av}) – average economy amount from the taxpayer's legal change of taxation parameters is calculated as an expected value indicator:

$$X_{av}^n = \sum (L_i \times [N_i - O_i]) \quad (1)$$

Where i from 1 to n is the number of taxes, the amount of which is calculated as a result of changing taxation parameters; L_i – is the positive outcome (absence of penal sanctions) probability under i -tax; N_i – is the amount of i -tax before optimisation; O_i – is the amount of i -tax after changing taxation parameters;

2. Specific tax amount change as a result of taxation parameters change shows how the accrual under i -tax has reduced due to changing a taxation parameters complex:

$$X_i = N_i - O_i \quad (2)$$

3. The taxation parameters change risk σ_x – is the tax risk absolute volatility indicator, calculated as the standard deviation of the actual accruals aggregate amounts decrease under taxes (X_i) from their most expected taxation parameters change average profitability value (X_{AV}):

$$\sigma_{X_{i=1}}^n = \sqrt{\left[\sum (X_i - X_{av})^2 \times P_i \right]} \quad (3)$$

Where p_i – is the negative outcome probability (penal sanctions imposition under i -tax):

$$P_i = 1 - L_i \quad (4)$$

4. The correlation between risk and profitability of changing taxation parameters v_x – is reflected by the tax risk relative volatility indicator, calculated as a coefficient of variation:

$$v_x = \sigma_x \div X_{av} \quad (5)$$

The choice of one of the abovementioned criteria or their complex depends on the selected tax risk management strategy. It also defines their optimal value.

In order to define the most profitable and safe tax optimisation option, based on the following input data should be used:

- The tax amount before optimisation (before applying tax credit for personal income tax) constituted RUB 16,000;
- According to optimisation option "A," the given amount can be reduced to RUB 15,000 (conventionally);
- According to option "B," it can be reduced to RUB 14,000 (conventionally, tax credit has not been confirmed by required documents).

An expert assesses the probability of penal sanctions imposition by tax authorities at 10% for option "A" and 20% for option "B."

Solution: With the view to define the supposed optimisation average profitability (expected value):

$$a. X_{av} = (\text{RUB } 16,000 - \text{RUB } 15,000) \times (1 - 0.1) = \text{RUB } 900 \text{ (for option "A")} \quad (6)$$

$$b. X_{av} = (\text{RUB } 16,000 - \text{RUB } 14,000) \times (1 - 0.2) = \text{RUB } 1600 \text{ (for option "B")} \quad (7)$$

In order to define the tax optimisation operation risk (standard deviation of the random number's actual value from its most expected value) should be considered:

$$a. \sigma = \sqrt{\left[\sum (1000 - 900)^2 \times 0.1 \right]} \text{ (for option "A")} \quad (8)$$

$$b. \sigma = \sqrt{\left[\sum (2000 - 1600)^2 \times 0.2 \right]} \text{ (for option "B")} \quad (9)$$

From the performed calculations, it is obvious that option “B” is the preferred one from the profitability’s perspective, while option “A” is the preferred one from the risk’s perspective.

How can one make a conclusive decision regarding the expedience of applying one of the two considered taxation parameters influence options?

In order to do so, one must calculate the variation coefficient and compare its value for the options under consideration:

- a. $v = 31.6 \div 900 = 0.035$ (for option “A”) (10)
 b. $v = 178.91 \div 1600 = 0.11$ (for option “B”) (11)

The obtained variation coefficient values show that the correlation between risk and profitability is higher with option “B.” This goes to show that a higher risk is accounted for each economy unit obtained from the optimisation under option “B.” Thus, this option is less expedient, while the most rational choice would be option “A.”

The indicators considered in the example can be used in cases when the influence affects not a single tax, but their complex (not only personal income tax, but also personal property tax, state duty). At that, the penal sanctions occurrence probability can occur, in this case, not only under one, but under several laws, the tax bases whereof are in a certain relation for an organisation under examination. A drawback of the described calculation method is a lack of a penal sanctions expected amount indicator. This drawback can be easily rectified by reducing the taxation parameters change average profitability amount (X_i) by the presupposed penal sanctions amount.

5. CONCLUSION

Thus, investment activity taxation stimulation, including special taxation conditions, should not be universal (Spilker et al., 2015). We should reasonably choose enterprises, which receive state financial resources for their development. At the same time, we should take into account the fact that in the most changeable economy (present rapid growth), investments should show their efficiency not only in 5 or 10 years, as theorists say, but in 1 or 2 years. Only this criterion can serve as the enterprise activity final evaluation. In this case, efficiency implies the achievement of the goal, for the purpose of which the investment taxation advantages and preferences were introduced.

It is quite difficult to assess the natural persons’ investment activity, which manifests itself when investing in human capital (Giray, 2014). Human capital is the main factor of economic development, but, nowadays, there are negative trends in human potential development, characterized by low quality and a decrease of social services accessibility level in the education field. At the present time, the system of provision of social tax deductions when paying for treatment, education, insurance premiums, requires major adjustments.

This research provides basic recommendations to achieve the optimal combination of fiscal and stimulating roles of the main budget taxes, including:

1. The revision of some of the approaches to value added tax calculation (the transition to an electronic tax administration, the exclusion of front companies tax integration chains, the use of transition period insurance mechanisms, which minimizes the risk of uncollected budget revenues from taxpayers’ illegal actions before an electronic tax administration is debugged); value-added tax immediate refund synchronization in the investment tax credit provision agreement conclusion for the compensation amount before the end of the facility and its commissioning on the basis of a relevant act of acceptance
2. The stimulation of profits tax purposes investment (providing discounts on investment income tax in the amount of 30% of value added during 5 years from the start of the investment project, in order to encourage the manufacturing industry, expand the scope of regional investment incentives on income tax)
3. The improvement of the unified social tax collection on the basis of implementing measures, such as the non-use of a regressive and basic rate reducing unified social tax; partial transfer of the payment burden to businesses for UST individuals, covering a number of tax optimization possibilities; inventory of significant UST amount display grounds (for example, according to article 238 paragraph 2 of the Tax Code of the Russian Federation (1998), it is advisable to remove references that are not subject to UST amounts related to “reimbursement of other expenses, including the cost of workers’ professional training”. Of course, the cost of training workers should not be subject to UST, but it has no relation to the vague formulation of “reimbursement of other expenses”.
4. The personal income tax improvement for the purpose of increasing the tax burden on over-consuming population segments and provide additional incentives for investment income earned by citizens (the transition to a citizens’ owned property differential taxation, the exemption of dividends on shares of companies owned for not <3 years, or for shares constituting at least 10% of the share capital, regardless of the ownership period) (Pope, Rupert, and Anderson 2015; Pope and Thomas 2015).

Investigations of various Moscow enterprises’ general tax payments during 2014-2015, as well as these payments’ structure, confirmed the significance of the proposals regarding the investment stimulating tax mechanisms improvement.

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