Digitalisation of tax administration in the context of the development of high-tech municipalities

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Abstract. The priority direction of the development of the modern Russian economy is its digitalization, which necessitates the introduction of high technologies and innovative products in various areas of management and production. It should be noted that the process of tax administration is distinguished by a high level of application of digital technologies for calculating and paying taxes. The article studies the advantages and disadvantages of using digital technologies in the process of tax administration, including their application by territorial tax authorities in the constituent entities of the Russian Federation and municipalities. The analysis of specific measures for the implementation of high technologies in the field of taxation (personal account of the taxpayer, ACS "VAT-2", "My Tax") was performed and the prospects for improving the quality and efficiency of tax administration in the Russian Federation at the regional and local levels were identified.

Key words: digital economy, Federal tax service, state administration

1. Relevance
Today, the main direction of state policy in Russia is the economy digitalization and the introduction of digital technologies at various levels of the government. Thus, digitalization in the Russian Federation has covered almost all the spheres of the economy, production and management, both at the federal and municipal levels. In turn, the introduction of innovative methods and advanced technologies was carried out in the tax area, which affected efficiently the tax administration procedure. Today, the Federal Tax Service of Russia is in the lead in terms of digitalization of tax authorities among other government agencies. At the same time, the FTS of Russia continues to carry out its strategic task aimed at introducing innovative high-tech methods of calculating and collecting taxes, as well as developing electronic services.

2. Literature review (materials)
In the process of preparing the article, the following materials were used: the Tax Code of the Russian Federation, regulatory legal acts and explanations by financial and tax authorities, reporting data of the Office of the Federal Tax Service of Russia for a specific region, scientific publications on the declared topic.
3. Methodology

General and specific scientific methods and techniques were used to realize the set goal of the study. The development of public management in Russia is moving towards digitalization. Today, a significant part of state and municipal services has been transferred to electronic form, which in turn removes obstacles to the development of relationships between public authorities and private entities.

In 2002, the Government of the Russian Federation approved the Federal Target Program "Electronic Russia (2002–2010)", which was the beginning of the formation of the infrastructure of electronic government at the federal level. Within the framework of public administration, measures were taken to introduce digital technologies.

Federal Law of December 26, 2008 No. 294-FZ, established the basis for the implementation of documentary checks in electronic form [1]. Currently, the person being verified, who has received a request from an authorized state or municipal body to verify documents, has the right to submit documents in electronic form signed with an enhanced encrypted and certified digital signature.

In 2010, at the federal level, a project was launched in the form of a portal of state and municipal services "www.gosuslugi.ru" and the Federal Law of July 27, 2010 No. 210-FZ "On the organization of the provision of state and municipal services" was adopted [2]. On this portal, a Unified Identification and Authentication System was developed and implemented, allowing users to be identified on the relevant sites.

In Russia for the period from 2019 to 2024, a national project "Digital Economy" has been launched. Seven out of ten government services for businesses and citizens are to be digitalized by 2024. All priority government services are to be available without a personal visit to the government agencies, and 90% of the document flow between officials are to be online. These tasks for Russia are written in the direction of "Digital public administration" of the national program "Digital Economy".

The activity of the Federal Tax Service of Russia is one of the leading ones among state and municipal authorities in terms of the development and implementation of digital technologies. In particular, digital technologies are regularly improved to simplify tax administration procedures, which helps to identify tax evasion schemes. “The quality of tax administration is growing due to the introduction of new technologies and changes in approaches. The Service now has all the necessary tools to allow it to identify tax risks without creating administrative pressure on conscientious business,” said Sergei Arakelov, Deputy Head of the Federal Tax Service. In January-February 2019, the growth rate of tax revenues to the consolidated budget of the country for the largest taxpayers was 22%, for payers of the Northwestern Federal District was 13%. The revenues of the regional budgets in the Northwestern Federal District increased by 14%. From February 1, 2019, the Federal Tax Service of Russia switched to a new model of administration of the largest taxpayers. According to a number of criteria, each company is assigned to one of eight economic sectors, which are supervised by eight interregional inspectorates. 12 interdistrict inspectorates are in turn subordinate to them. The reform will make it possible to effectively identify administrative problems typical for certain industries, develop uniform methodological approaches and provide control over the industry as a whole with the necessary “ripple effect”.

Elena Suvorova, Head of the Department for the largest taxpayers of the Federal Tax Service of Russia, emphasized, “The priority area of the development of the administration system for the largest taxpayers is the automation of the risk analysis system. Clear and unambiguous rules for identifying tax risks are necessary to improve the quality of tax administration and to “whitewash” industries. For the same purpose, information interaction with other state bodies is developing”.

At the moment, the Federal Tax Service of Russia has 50 different electronic services on the official website of the Federal Tax Service, with the help of which a taxpayer can use the service he needs without visiting the Federal Tax Service Inspection office.
One of the main services of the FTS website is "Personal Account", which is available for all categories of taxpayers. It allows one to receive up-to-date information on tax liabilities, and also provides an opportunity to interact with tax authorities without visiting the tax office. A personal account is an instrument for including a taxpayer in the sphere of interaction with state authorities, it is integrated with the Unified Portal for State and Municipal Services. “Consolidation of data at the federal level makes it possible to switch to extraterritorial tax administration,” the head of the Federal Tax Service of Russia emphasised. For example, the functionality of the "Taxpayer Personal account" is constantly being improved and expanded based on the requests of the taxpayers themselves. Today the service is used by 27.7 million citizens, 1.8 million individual entrepreneurs and 818 thousand organizations.

From January 1, 1919, a pilot project has been launched to introduce a tax on professional income in four regions of the country: Moscow, Moscow and Kaluga regions, the Republic of Tatarstan, the project will last 10 years. A special mobile application "My Tax", developed by the Federal Tax Service of Russia, will allow self-employed people to register, pay tax and send checks to their clients. Regional authorities have already come to appreciate the positive effect of this application. In particular, the head of the Tomsk regional department drew attention to the fact that the application allows a citizen to register as a tax payer in a couple of clicks. At the same time, they do not need to file a declaration, keep records, or use cash registers. Tax authorities keep track of and calculate taxes, which means that a fully remote interaction through the application is provided. In the future, a similar principle will be gradually introduced into other taxation systems.

At the Russia-Africa summit, held on October 23, 2019, foreign colleagues positively assessed the functionality of the online cash register equipment platform, which provides the information about retail sales of goods and services in real time. The implementation of online cash registers is another project aimed at increasing the efficiency of tax control and reducing non-production costs of a business. According to T.P. Rusanova, the deputy head of the Federal Tax Service of Russia for the Murmansk region: "The introduction of a risk-oriented approach to the work of tax authorities has made it possible to reduce the number of on-site tax audits, while increasing the level of their effectiveness." Online cash registers are able to send real-time information about transactions to the tax authorities, generating electronic fiscal receipts, which are stored in the cloud storage. Thus, ensuring control of all retail sales and increasing the transparency of the economy. In such conditions, there is no need for control in its traditional understanding, with the on-site visit of the inspector to the point of sale. More than 1.5 million taxpayers of the country have registered more than 3 million cash registers, which is 2.5 times more than the pre-reform park. The Federal Tax Service monitors over 3 trillion rubles of revenue every month in real time. Almost 24 thousand cash desks are currently registered in the region (IFTS, Tomsk).

Through the introduction of various analytical tools and modern digital technologies in tax administration, the ACS VAT-2 system has been launched, which collects and collates 15 billion invoices. As of today, Russia has less than 1% gap between the paid VAT and the one that is claimed for deduction, which is one of the lowest in the world. Compared to 2018, the indicator decreased by 7 percentage points and ran at 86.6 billion roubles, of which 80 million rubles are accounted for by the Murmansk region. This data is the zone of risk where issues related to non-payment of tax obligations might appear. The unification of business processes of tax control using an analytical system allows one to track the entire chain of VAT movement, instantly identify inconsistencies and prevent fraudulent activities. As a result, it encourages taxpayers to create a transparent tax environment and voluntarily clarify their tax obligations. This changes the format of surveillance, that is focused only on potential violators or those outside the platform, and reduces the administrative burden on the business. In accordance with the order of the Federal Tax Service, the Desk Audit Interregional Inspectorate was
created in Moscow, which, using the ACS VAT-2 software, carries out the centralized processing of all submitted VAT declarations.

On the basis of ACS VAT-2, together with the Federal Customs Service of Russia, a project of documentary traceability of imported goods has been created. It will free the market from unscrupulous participants, prevent the underestimation of the customs value of goods, as well as reduce the number of inspections and the administrative burden on conscientious participants in foreign economic activity. Such large taxpayers as Detsky Mir, Bosch, Panasonic and others have already joined the pilot project on traceability of 10 groups of goods.

At the same time, the Federal Tax Service of Russia is introducing technologies to reduce reporting and administrative burden on business, including: the State Information Resource for Accounting (Financial) Statements, launched since the beginning of this year; the abolition of reporting for organizations on land and transport taxes from 2021; the introduction of a non-declaration regime for taxpayers, applying special tax regime; a simplified taxation system "income" and others. State Information Resource for Accounting (Financial) Statements is a publicly available database of annual financial statements of organizations, which made it possible to submit reports to the tax service in the form of an electronic document only. With the introduction of the State Information Resource for Accounting (Financial) Statements, the obligation to submit reports to Rosstat has been abolished for the taxpayers since this function is now assigned to the Federal Tax Service.

The introduction of the institute for tax monitoring also makes it possible to develop a dialogue with taxpayers. By opening their information resources and internal control systems, the largest taxpayers receive justified opinions from the tax authorities on the application of tax legislation in different situations. Today, more than 50 companies participate in tax monitoring, 16 of them with state participation: Rostec, Russian Railways, Aeroflot, InterRAO, VTB Bank, NCC and others.

The aforementioned digital technologies can reduce the labor costs of tax authorities, which leads to an increase in their productivity and optimization of the tax authority as a whole.

Despite the fact that the Federal Tax Service of Russia has already developed a significant number of different resources and services, there are still problems that can be solved by creating new or by improving existing information technologies.

For many years, the tax authorities have been using an electronic data processing (EDP) system, which has a powerful potential to automate all the main functions of local tax administration. However, there are a number of reasons in connection with which there is a need to shift away from the EDP system. The EDP system operates at the local level of one specific inspectorate of the Federal Tax Service (IFTS). Despite the fact that since 2003 the process of consolidation and reduction of the number of the Federal Tax Service Inspectorates has been constantly underway, their number in Russia remains significant. Each of them operates its own EDP system databases, which daily receive information about taxpayers of a particular city or district. But the activities of the latter are not limited to just one city or region. Their branches and their production activities, the property of taxpayers are located in different databases of the EDP system. In addition, customers and contractors generally belong to various IFTS. Therefore, data on re-registration, tax control, reconciliations, required documents as a part of inspection work, must be constantly transferred from one tax office to another, and vice versa [3].

The receipt of consolidated reports requested by federal authorities is carried out along a complex multi-day three-tier chain "Federal Tax Service – Federal Tax Service Department – Federal Tax Service Inspectorate" with the distraction of hundreds of employees from the main fiscal function [4].

Starting from 2013 the Federal Tax Service of Russia is introducing and gradually switching over to a new automated information system of a new generation "Tax-3". With the help of the AIS “Tax-3”, the use of information is possible through the implementation of mechanisms for its integration based on the consolidation of databases of the federal and regional levels.
Most of the constituent entities of the Russian Federation have not yet developed regional
digitalization programs. In July 2019, the Analytical Center for the Government of the Russian
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It turned out that regional digitalization programs exist or are at the development stage only in 34
regions. In 45 regions they are absent or included in complex informatization projects. For example, in
the Central Federal District, only Tula, Moscow, Lipetsk, Vladimir and Bryansk regions have individual
digital plans. In the field of the digital economy most of the regional projects are being implemented in
areas similar to the priorities of the federal "Digital Economy, program including information security,
information infrastructure, digital technologies, digital environment regulation, human resources for the
digital economy, digital public administration.

The main task of the departments and tax inspectors of the region is to ensure revenues to all
levels of the budget. Today, for example, the Federal Tax Service Department for the Rostov Region
manages to maintain high dynamics of tax revenues. In the 1st quarter of 2019 the Department saw an
increase in revenues to all levels of the budget, excluding taxpayers, registered with interregional
inspectors. Thus, the consolidated budget of the Russian Federation received 46.1 billion roubles
with an increase of 17%, or 6.7 billion roubles. There is a 1.3-fold increase in federal budget revenues.
Value added tax increased by 20%, or 1.5 billion roubles, and the tax on corporate profits increased by
1.3 times. The regional budget received 38.8 billion roubles from taxpayers of the region with a growth
rate of 106.3%, or 1.3 billion roubles of additional revenues. The budget tasks were completed by 107%.
The municipal budgets received 6.8 billion roubles with an increase of 4.8%.

Increasing the level of local tax revenues and intensifying efforts to realize the tax potential of
regions and municipalities are significant factors in the development of the revenue base of territorial
budgets in conditions of financial instability, since insufficient provision of regional and local budgets
with tax revenues poses the main threat to tax security. In addition to that, property taxes, as a source
of the local income, have a significant share in the structure of tax revenues of the consolidated budgets
of the constituent entities of the Russian Federation, but the rates of revenues have no significant growth
[5].

Other problems in this area include the low level of ICT implementation in the activities of self-
government bodies. In accordance with the concept of implementation of the e-government principles,
the sites of public services at the regional and local levels should be universally integrated into a single
system, access to which should be carried out through the federal portal of public services, which has
not yet been realised.

Implementation and use of information technologies in the work of tax authorities involves a new
quality in the provision of public services. An orderly and well-established system of technological
processes makes the work of tax authorities easier and the use of information more efficient. For
strategic purposes, the Federal Tax Service of Russia will develop electronic services further and will
move towards a complete transfer of interaction between tax authorities and taxpayers into electronic
form.

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