Using the experience of digital transformation of tax authorities to harmonize customs activities

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Abstract: The paper reveals the features and problems present in the process of implementing digital economy technologies that prevent the provision of a level of cooperation adequate to modern requirements between national and foreign customs structures, as well as representatives of the business community. Proposals are made to implement promising, structural, institutional and technological innovative approaches to creating customs activities using the positive experience of successful transformation of the Russian tax authorities, which allowed building a harmonious interaction with taxpayers, taking into account their expectations and needs. The current processes of globalization are characterized by complexity, inconsistency, uncertainty, and often the predominance of politics over common sense. Effective, highly professional reform of the Russian tax authorities is a convincing example, not so much of a technological breakthrough, but of the prospects and harmony of the new innovative thinking of country leaders, government representatives, businesses and citizens. In the face of various challenges, having overcome the “psychology of a besieged fortress” [1], the Russian leadership and the system of national tax authorities have found inclusive approaches to constructive dialogue and cooperation with the international Organization for economic cooperation and development (OECD). In turn, the OECD, clearly demonstrating the predominance of economic interests over politics, has provided an opportunity to study and implement the most advanced and promising world achievements in Russian tax administration, based on the highest level of human capital and the fruits of freedom and human creativity. The authors of the article, using a concrete example, defend the point of view that constructive transformations, stable, sustainable mutually beneficial development of international relations and socio-economic relations within any country, are achieved only through mutual dialogue, trust and exchange of achievements of civilization.

1. Introduction
Evaluating changes in the activity of Russian customs authorities, Russian President Vladimir Putin, said that there are positive qualitative trends in the development of customs, but in the modern period, and by 2030 it is required a fundamental transformation of the customs operations taking into account the basic provisions of the paradigm of the digital economy of the Russian Federation [2].

However, the challenges posed to the global economy by a set of restrictive measures due to the pandemic, falling prices for oil and petroleum products, and directly to the Russian economy, in the
form of various Western sanctions, require the development and implementation of effective measures to restore and accelerate the country’s economic development.

For the Russian economy, the forecasts of analysts of the International Monetary Fund (IMF) and leading international agencies, in particular the Economist Intelligence Unit (EIU), are not optimistic. According to them, the country will need at least four years to get out of the crisis, while the world economy will overcome the lag twice as fast.

Russian officials at the federal level, in the formulation of forecasts, also do not differ in optimism. The management of the Central Bank predicts the level of contraction of the Russian economy in 2020, up to 9.5-10%. Representatives of the Ministry of Economic Development, adhere to the position of reducing the indicators of economic development to 5%. The head of the Accounting Chamber A.L. Kudrin, in general, assesses the situation in the Russian economy as a manifestation of stagnation, justifying his opinion by the fact that Russia ranks one hundred and twentieth in the world for the stability of the financial system.

At the same time, in mid-2020 the President of PJSC “Sberbank of Russia” G.O. Gref presented analytical materials on the results of the business community of the Russian Federation, which clearly demonstrate that business activity is recovering faster than expected.

Confirming Gref’s opinion, foreign investors note the high stability of the Russian economy, low inflation, and balanced payment balance. Foreign investors pay special attention to the measures taken by the Russian leadership to stimulate the economy, primarily those formulated in Priority National Projects (PNP). The most important priority project is “International cooperation and export”, which was further developed in the basic documents that set national goals for the next decade [3-5].

2. Methods
Through the use of methods of systematic and comparative analysis of statistical, monographic and textual material, the method of operational and economic analysis, expert assessments, as well as content analysis of publications in the media, it was possible to establish the following. Positive components allowed the Russian Federation to make a powerful leap in increasing the production of its own agricultural products, ensuring not only its food security, but also taking a leading position among the powers, producers and sellers of food on the world market.

Modern Russia demonstrates non-traditional directions of promising economic development, implementing mega-projects and ensuring its breakthrough in the global economic system. Russia’s technological, geographical and export potential has been re-evaluated. At the heart of structural changes is a long-term, mutually beneficial policy. The implemented projects act as catalysts for foreign economic activity, expanding the investment, transport and trade horizons of cooperation between the countries. It is enough to mention the implementation of energy megaprojects in the Baltic, Black sea, Arctic, and Pacific waters. The successful implementation of the megaproject for the development of the Arctic zone of the Russian Federation (AZRF) provides structural and institutional changes aimed at transforming the global economy as a whole and its exports.

Russia is regaining its position on the African continent. The forum, held by the Russian leadership in 2019, attracted dozens of leading African countries to promising cooperation, which have fixed their economic interests in official documents for the supply of high-tech equipment from Russia. Multibillion dollar agreements for obtaining credit resources will be serviced by the leading banks of the Russian Federation [6].

Representative bodies of Russia strive to respond adequately to modern requests. At the legislative level, for the first time, the concept of “digital law” is fixed, regulating the relationship in the digital system [7].

The current situation requires the formation of a fundamentally new system of customs activities, capable of constant change, updating, improvement and intellectual saturation. It is advisable to take the positive practice of digitalization of Russian tax authorities as an algorithm. A constantly developing, unified, flexible system of tax administration activities that takes into account the expectations and needs of business and citizens has received the highest rating now.
3. Results
The structural and technological transformation of the entire system of tax authorities in Russia began in 2015 with the assistance of the international Organization for economic cooperation and development (OECD), which provided an opportunity for Russian scientists and practitioners to study the best international practices of their colleagues. The focus was on mastering the full range of digital economy technologies and building a harmonious policy of relations with tax payers of all categories.

The Russian tax system has received, as it were, a second wind for the implementation of a breakthrough that provided a different, highly effective level of its activities. Currently, foreign and national experts recognize the full compliance of the institutions and instruments of the Russian tax system with the requirements, standards, and regulations of the tax systems of the leading countries of the world. The comprehensive implementation of digital economy technologies and the use of the world’s positive experience allow the tax authorities of the Russian Federation to respond adequately and in advance responding to all kinds of modern challenges.

Moreover, having successfully mastered an innovative style of work Russian specialists act as pioneers in international tax practice. Leading experts noted the successful implementation of the electronic system “ASK NDS-2”, the labeling of goods and the introduction of online sales registers, provided an increase in federal budget revenues by more than 30%. Consolidating the success, the tax authorities implemented the following systems: chipping fur products; labeling of medicines; introduction of a new generation of online sales registers that automatically transmit information about sales, and others. A new breakthrough was the creation of a diversified system for all categories of tax payers. The system automatically takes into account the characteristics of taxpayers and their operations, without burdening them, provides an increase in the efficiency of tax administration, and simultaneously creates a cumulative effect.

The objective environment has been created that allows tax authorities to perform control functions at a distance, without resorting to on-site inspections. The environment raises the level of consumer protection from counterfeit and low-quality goods, contributes to the formation of innovative thinking, the level of which depends on the successful implementation of the principle of strict compliance with the law and the process of harmonization of relations between the government and citizens. The prospects and popularity of digitalization activities in the Russian tax authorities are related to their focus on the needs of a particular taxpayer and the solution of problems that arise in front of them.

Customs authorities play a crucial role in ensuring that various payments are made and that the federal budget is replenished. The use of digital technologies has become an integral part of their work and the basis for structural reforms. Within the framework of customs control, such mechanisms as electronic declaration and the personal account of a participant in foreign economic activity (FEA) have been already successfully used. The tasks of simplifying customs procedures while maintaining their efficiency are the most important.

The analysis of the activities of all entities that move goods across the border allows them to be automatically categorized and, in the future, will reduce the number of control measures for those participants in foreign trade that are included in the low-risk category.

The analysis given in table 1 shows a positive trend in the number of participants in this category of foreign economic activity over the past 3 years and a reduction in the number of persons classified as high-risk.

| Table 1. Categorization of participants of foreign trade activities as of 2017-2019, units. |
|-----------------------------------|-------|-------|-------|-----------------|-----|-----|-----|
| FTA participants                  | 2017  | 2018  | 2019  | Change (+; -) in 2019, compared to 2017 | 2018 |
| Low risk level                   | 2199  | 8074  | 9022  | 6823            | 948 |
| Average risk level               | 88432 | 90765 | 92659 | 4227            | 1894 |
| High risk level                  | 10942 | 10897 | 10622 | -320            | -275 |
Due to the improvement of automated categorization, the requirements for the number of declarations for goods were reduced, and the number of participants in low-risk foreign trade activities was increased by more than 3.5 times.

The risk management system provides automation of customs control procedures. This allows increasing significantly the number of control measures carried out in automated mode, without the participation of customs officers. The dynamics of operations performed in automatic mode is shown in Table 2.

Table 2. Using automatic technologies for customs operations.

|                          | 2017  | 2018   | 2019  | Growth rate 2019 / 2018, % | Growth rate 2019 /2017, % |
|--------------------------|-------|--------|-------|---------------------------|---------------------------|
| Registered in automatic mode | 960000| 1800000| 2800000| 55.6                      | 191.7                     |
| Released automatically   | 84000 | 324000 | 643000| 98.5                      | 665.5                     |

At the end of 2019, the share of auto-registration of exports was 88% (in 2017 – 55%). And auto-registration of imports in 2019 increased almost by 5 times, compared to 2017 and reached 51% [8].

As part of the optimization of the risk management system, work is carried out to identify possible violations of legislation and create new risk profiles. Table 3 shows the dynamics of approval and implementation of various types of profiles, among which a significant role is played by target profiles aimed at solving a specific situation and requiring manual management in most cases. Over the past three years, the number of targeted risk profiles has grown from 43580 in 2017 to 61863 at the beginning of 2020.

Table 3. Dynamics of approved and updated risk profiles for the region of operation for the period 2017-2019, units.

|                          | 2017 | 2018 | 2019  | Changes (%) in 2019 compared to 2017 | Changes (%) in 2018 compared to 2017 |
|--------------------------|------|------|-------|------------------------------------|------------------------------------|
| Number of all-Russian risk profiles, units | 872  | 851  | 1136  | 130.2                              | 133.5                              |
| Number of regional and zonal risk profiles, units | 4730 | 2888 | 1992  | 42.1                               | 68.9                               |
| Number of target risk profiles, units | 43581| 53545| 61863 | 142.9                              | 115.5                              |

Only for 2019, more than 4,500 decisions were made to ban the import and export of goods to the territory of the Russian Federation. This indicates the need for further improvement of the risk management system.

Since 2019, the Russian Federal Customs Service has been implementing a project to gradually create its own main data processing center, which will ensure uninterrupted round-the-clock operation and backup of all customs information systems by 2023. The unified automated system (UAS) operates around the clock using 81 software tools and more than 2 thousand data transmission channels. They have already provided high speed of centralized services – up to 6.5 seconds for debiting funds from a Single personal account and up to 3 seconds for checking for risks.

The permanent and most radical reform of the customs system, which has been implemented since 2018, has made it possible to create electronic declaration centers and electronic customs offices on the territory of Russia by this year, where more than 90% of declarations will be processed by the end of the year. As a result of digital-based reforms, the cumbersome 600-seat customs clearance system, which now includes 16 seats, disappeared, while the number of customs offices was reduced from 84 to 66. The saved funds are directed to the formation of a single platform of intelligent checkpoints, where procedures from all measuring and control operations are concentrated, which in turn allows providing access to information to representatives of all customs and other control structures. [1, 6.]
4. Discussion
Digitalization is currently one of the most promising mechanisms for increasing the efficiency of economic processes. Therefore, special attention should be paid to ensuring seamless, rapid movement of goods across the border. However, the construction of a unified digital system that provides an optimal balance of interests of business and the state in the structure of domestic tax and customs authorities faces the following problems.

The international unity of the legal, technological, information and communication, and methodological framework for cooperation between customs structures has not been achieved.

The level of development of digital technologies does not meet modern requirements, both at the interstate level, and between the financial and law enforcement structures of government bodies within the country.

As a result, there is a lack of efficiency in the exchange of information flows, decision-making, and the process of creating comfortable conditions for representatives of business communities, societies, and specific citizens does not meet the requirements. The problems are particularly acute when conducting settlement and payment and other financial transactions. Thus, the vast range of consumer goods that cross the Russian-Chinese border is represented by thousands of codes. The lack of clear regulation of the content of codes creates the basis for a subjective approach of customs officials when filling out documents for export goods by shippers and adjusting the customs value.

The applied risk management system does not coincide in terms of categorization of participants in foreign economic activity with foreign systems, which can make it difficult to make decisions about the release of goods.

False declaration of goods, undervaluation of customs value, incorrect classification of goods, violations in justifying the provision of customs privileges and preferences remain current problems of customs administration.[8.] The important element of customs value adjustment is the use of dynamic cost risk indicators. But work on their implementation must continue.

At the same time, according to the index of quality of administration of control and supervisory functions, determined by the Analytical center under the Government of the Russian Federation in conjunction with the Higher School of Economics, for 2019, the Federal Customs Service of Russia occupies a leading position among 12 control and supervisory authorities.

5. Summary
A pragmatic but flexible national customs policy is designed to stimulate the domestic economy and make it attractive to foreign partners. An effective lever for accelerating the country’s economic development is digitalization, which should not be the introduction of disparate elements of digital economy technologies, but the creation of a complete picture of a self-developing system for mutually beneficial interaction of representatives of the Russian customs with similar foreign structures, domestic and foreign communities of entrepreneurs and societies involved in foreign economic activities.

The strategy of establishing a new customs system should have long-term development horizons, at least for a ten-year period, as it should be not just about the transition to electronic customs, but to an intelligent, continuously developing customs system.

By analogy with the Russian tax system, the highly professional implementation of the potential of the digital economy is designed to make customs procedures for the community of businessmen and citizens simple, convenient and fast, moreover, stimulating to engage in business activities with Russian partners. Realizing the potential of digital economy technologies is designed to create a new environment that will not only affect the process of detecting violations in foreign trade activities, but also make it pointless, unpromising and unprofitable to commit such offenses.

Of course, the implementation of such actions requires the political will of partner states, strong bilateral ties, and constant, constructive exchange in all areas, in which the use of digital economy technologies acts as a supporting structure.
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