
OPTIMIZATION OF TAXATION IN EXPORT AND IMPORT TRANSACTIONS OF RUSSIA

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ABSTRACT

The article presents the analysis of the Russian tax system at export-import operations. Shows the structure of payments provided by the customs legislation of Russia. The estimation of tax policy at the Russian export-import operations. The dynamics of exports and imports in the collection of customs duties. Analyzed the structure of federal budget and the positive dynamics of revenues from foreign economic activity in the structure of the budget for the period from 2009 to 2013. The special role assigned in the article assessing the impact of globalization on the tax policy of Russia. Revealed the role of the SCO, the CIS in the formation of the tax climate in the Russian economy.

Key words: Customs duties, consolidated budget, external economic activities, taxes.

Introduction

The withholding of tax is an ancient function and one of the basic conditions for the development of the country which is on its the path to economic and social prosperity. In the history of the development of society, manage no state could do without tax, so as to carry out its functions, and to meet the collective needs it requires a certain amount of money, which can only be collected through taxes.

It should be noted that taxes are one of the most effective means of state regulation in the sphere of international economic relations. This is facilitated by the growing influence of transnational corporations in the world economy, the deepening and intensification of specialization and cooperation of production on an international scale and the general process of the internationalization of economic life in different countries. Therefore, the study and analysis of tax planning, and to a greater degree, so their optimization in international relations, are becoming increasingly important and interesting from the point of view of implementation and efficiency of foreign economic relations in each state.

For full disclosure of the problem, we deem it necessary to consider the impact of globalization on foreign activities in Russia, and on this basis, to identify methods to improve the efficiency of taxes in export-import operations.

Literature Review

The historical development of taxes as a financial category emerged together with commodity production and the emergence of the state, which needed funds for the army, officials and other public needs. The first mention of taxes was raised in the 3 BC, under the laws of King Hammurabi. The law included full respect to taxes in the amount of 10% of all property (Jacobson 1982).

First the theory of taxation was contained in the works of F. Aquinas (Borgosh 1975), T. Hobbes (Brown 1965; Melezhik 1990), Montesquieu (Baskin 1955), S. Sismondi (Trachtenberg 1954), T. Malthus (Blaug 1994), A. Thiers (Thiers 1862).

Currently, in the economic literature there is a sufficient amount of research about the nature of taxes, tax terms and concepts. Leading economists in the field of taxation have determined tax as required, regular, individual grant payments from organizations and individuals in the form of alienation of their right to property, economic or operational management of funds in order to provide activities to the States and municipalities (Romanovsky and Vylkova, 2004). International taxation should be distinguished between two important concepts: the tax system and tax system.

Tax system - a set of forms of tax (excise duties, contributions to non-budgetary funds) and how to use them in a specific state. Taxation system - a single set of interacting components that determine the shape and mode of existence and content of the expression of tax relations on a particular tax.

Of particular importance in the tax system is the function direct taxes play. Among the main functions we have identified the following:

- fiscal aimed to finance public expenditures - maintenance of public administration and public safety, national defense, protection of the environment and natural resources, for transport, roads, communications, and computer science;
- social, i.e. maintaining the social balance by changing the ratio between the incomes of particular social groups, with the aim of reducing inequalities between them. One of the main ways to do this is the introduction of progressive taxation: the higher the income, the disproportionately large part of it is removed in the form of tax. Social function also carries exemption from some tax categories of taxpayers (the poor, the disabled, pensioners, single mothers, large families, immigrants, students) or some socially important goods and services (exempting them from VAT, sales tax, customs duties), or, on the contrary, increased taxation of luxury goods (through higher VAT, excise duties);
- regulating aimed at government regulation of the economy, primarily cyclical fluctuations, and structural changes in prices, investment, environment, foreign economic relations;
- control is a prerequisite for evaluating the effectiveness of the tax mechanism, comparison of tax revenues to the needs of the state financial resources, verification of accuracy and timeliness of their receipt to the funds, and to ensure the effectiveness of this test.

Of particular importance is in the regulation of foreign economic activity of any state relating to customs fees. In all countries, much attention is given to customs tax, which is largely determined by the role of customs payment in the development of national economy and increased government revenues. Dependent upon the political and economic conditions which have changed and the degree of state intervention in the foreign economic sphere.

The use of customs duties as an instrument of tax regulation on export is maintaining efficient ratio of import and export of commodities, foreign exchange earnings and expenditure in the country, providing conditions for the integration of the national economy in the world.

The application of customs duties on import due, on the one hand, and the implementation of policies of reasonable protectionism on the other - are aimed at regulating the importation of products with no domestic analogues or produced insufficiently to meet the needs of the domestic market quantities. However, the customs taxes and duties, as in the export and at import contribute to revenues in the federal budget.

Using the principles of regulation of external trade (tariff regulation, licensing, quotas), consistent with international practice, there requires a change in the organization of customs control of the goods stored in the cargo turnover. If the first mode and the procedure for the release of goods determined on the basis of who was the subject of foreign trade transactions, it is now the main criterion - the object of the transaction - a specific product - as any movable property, including; currency, currency values, electrical, thermal, and other energy and transport vehicles (except those used for international shipping).

As you move through the customs border, the goods must undergo a customs clearance which is the procedure of placing the goods and vehicles under a certain customs regime and the completion of this regime, must be in accordance with the requirements and provisions of the Customs Code.

For the purposes of customs regulations, the following types of customs regimes are as follows the release for free circulation, re-import, transit, customs warehouses, duty free shop, inward processing, processing under customs control, temporary import (export), free customs zone, free warehouse, processing outside the customs territory, export, re-export, destruction, denial of the state (Strovsky 2000).

Customs fees - the taxes, fees and other mandatory receipts collected by customs authorities with the participants of foreign economic activity for the import or export of goods and means of transport to / from the customs territory of the country. Figure 1 presents a list of customs payments, established the Customs Code of the Russian Federation.

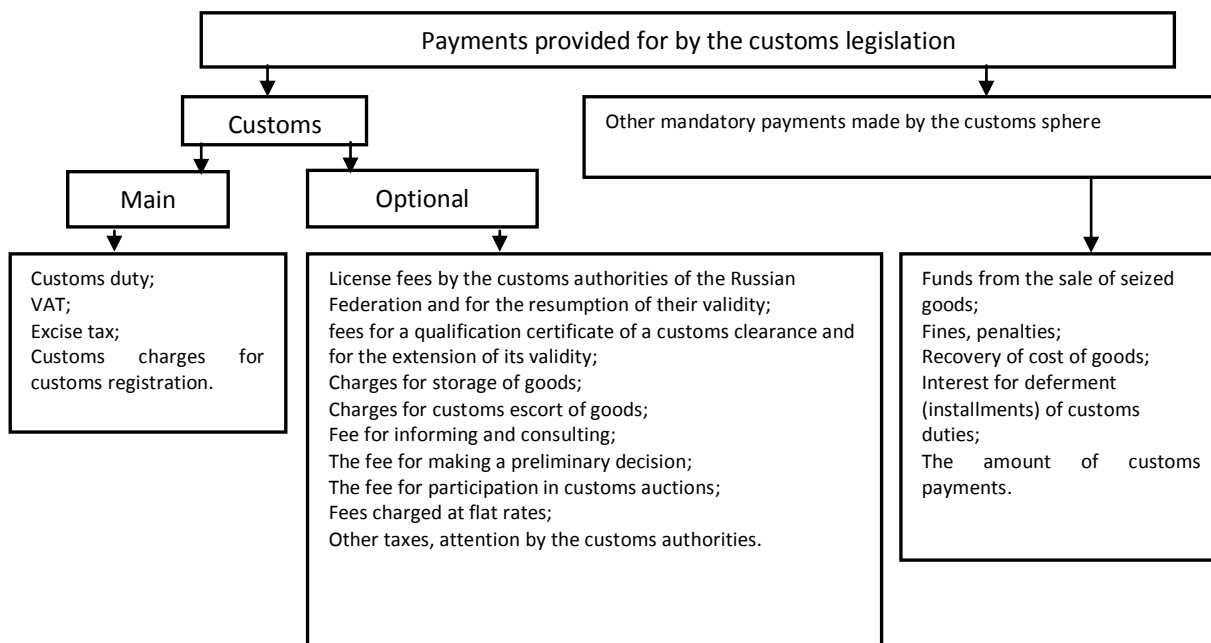


Figure 1 – Types of payments provided by the customs legislation (in accordance with the list provided by the Customs Code of the Russian Federation)

In the economic literature the conventional division of customs taxes and duties are placed into two groups: core and optional. The basic customs duties include customs duties, VAT, excise duties and customs fees for customs clearance and to optional - customs fees for storage of goods for customs escort of goods; fees charged at flat rates, and others (Romanovsky and Vrublevskaia, 2001).

Customs duty is an indirect tax levied on foreign trade of goods crossing the customs border. This tax, when paid, ultimately by the consumer, as included in the price of the goods, thereby has on effects on its competitiveness. Depending on the state's foreign policy customs duties may raise the price differentiated goods moved across the customs border. The levying of customs duties is most clearly manifested their regulatory function, since the imposition of duties intended, among other things, aims to protect the interests of domestic producers on the domestic market and regulatory structure of exports and imports of goods (Romanovsky and Vrublevskaia, 2001). Customs duties can be classified into a number of grounds.

Export duties are levied on the export of goods from the customs territory of the state. Export duties on certain types of goods were introduced in Russia in 1992, instead of the previously existing export tax and lasted until mid-1996 Cancellation Fees Russia was motivated by a desire to join the World Trade Organization. At the beginning of 1999 in order to stabilize the economic situation, an increased revenues to the federal budget, as well as operational control of foreign economic activity levy export duties were resumed. Currently, export duties are widely used in the Russian customs practices and distributed mainly in the fuel and energy and other commodity prices (which account for a large share of exports), as well as fish products, timber, etc..

Transit (the freight) fees are charged for the transportation of goods across the country. Historically, they were not widely used and there are only a few developing countries who have implemented this. Currently, transit duties in Russia do not apply.

Import duties are levied on goods imported into the customs territory of the state and are widely used in different countries, including Russia. For the purpose of levying distinguish fiscal and protectionist tariffs, the first act as a means of budget revenues, tend to have lower rates and are set mainly on consumer goods that are not produced in the country or produced in insufficient quantities, while others are designed to protect domestic producers from foreign competition and have high rates of hindering the import of goods. However, in practice, a clear distinction between fiscal and protectionist duties do not exist.

By appointment specific and seasonal customs duties can be distinguish. However, the specific duties are a form of protectionism, as applied in order to protect the economic interests of the Russian Federation. Special and seasonal duties are of a temporary nature. In practice, Customs maintains three types of special duties: special, antidumping and countervailing. Special Fees apply if the goods are imported in amounts and under conditions that could cause injury to domestic producers of like products, and sometimes - as a response to the discriminatory actions of other states. Anti-dumping duties are applied to imported goods which are imported at a lower price than their normal value in the country of exportation, and compensation - in the case of the importation of goods in the production or export of which is directly or indirectly used subsidies. Anti-dumping and countervailing duties are applied at a time when the import of goods entail adverse consequences for importing countries (Romanovsky and Vrublevskaya 2001).

Value added tax is a form of withdrawal to the budget of the value added at all stages of production, and is defined as the difference between the cost of goods (work, services) and the cost of material costs, attributable to the production and distribution costs.

Taxpayers - organizations regardless of ownership and departmental accessories, including international associations and foreign legal entities engaged in manufacturing and other commercial activities in the territory of the Russian Federation.

On February 1, 1993 came the object of taxation of imported goods imported into the territory of the Russian Federation, except for humanitarian aid. The amount of VAT on goods subject to customs duties and excise taxes are calculated on the total amount of the customs value, customs duties and excise taxes; for goods not subject to excise duty and customs duty - only the amount of the customs value. For goods imported into the territory of the Russian Federation, the rates are the same as for domestic products.

Normally, this tax does not apply to exports, but they are subject to all implemented in the country for goods and services, regardless of the country of origin. As a result, the VAT stimulates exports and prevents the import, as well as tax being indirect, not direct, it is not subject to the restrictions of the World Trade Organization (WTO) for direct export subsidies.

Excise duties are indirect tax included in the price of the goods and paid by the buyer. Excise as VAT became effective from 1 January 1992 with the simultaneous abolition of sales taxes and sales. They are designed to regulate the supply and demand of certain goods, as well as to supplement revenues. Among the goods subject to excise duties are, for example, wines, spirits and tobacco products, jewelry, cars and others. Since February 1, 1993 excise taxes on imported products were introduced (Strovsky, 2000).

Excise rates approved by the Government of the Russian Federation and the set as a percentage of the customs value of goods. Excise duties are not subject to excise exported (beyond the countries - members of the CIS), as well as in Russia excisable goods originating in the territory of the CIS countries, the importation into the territory of the Russian Federation. Excise taxes are levied in rubles and credited to the income of the budget system and the declarant shall be paid before or at the time the cargo customs declaration.

Assessment of tax policy of export-import operations of Russia at the present stage

Governments of different countries are increasingly cooperate in the area of tax policy. The need for such cooperation is rooted in the intensification of bilateral and multilateral economic relations, the development of economic integration and the consequent desire to ensure equal conditions of competition in the world markets. But the national competitiveness of exported goods and services, the possibility of a country's export capital abroad depends not only on the efficiency of the national economy, but also on the degree of shouldering his taxes.

There are currently actively developing partnerships between Russian companies and foreign companies. In this regard, there are many issues related to the taxation of goods (works and services) that are exported from the Russian Federation.

When exporting the products from the Russian Federation (own production and purchased), and services (including transportation, unloading, reloading exports and transit of foreign goods through the territory of Russia) there is zero rate of VAT. This is done in order to give greater competitiveness of domestic goods (works, services) abroad.

The dynamics of customs payments in the consolidated budget of Russia in recent years, has been similar to the trends in exports and imports after recovering from the crisis during 2010-2012, and the downturn in 2013, however, in 2013 a plan for the transfer of customs duties is nearly equal to 2012, and, in addition, it was exceeded.

The value of exports and imports in 2013 was relatively low compared with 2012 due to: the slow development of the economies of foreign countries, the Eurozone crisis; the appreciation of the ruble, which has affected the growth of prices for Russian goods, as well as a number of other factors.

Fuel and energy products (74.7% for non-CIS¹ countries and 47.2% for the CIS countries) was the basis of the export (data for three quarters of 2013), and the basis of imports was machinery and equipment (the share of trade with to the CIS countries 50.7% and 37.6%).

With regard to the entry, where the major share - machinery and equipment, over the first three quarters of 2013 had import volumes of cars and trucks were down 47.4% and 59.0%, respectively. In trade with non-CIS countries, import volumes of passenger cars decreased by 15.4%, trucks - by 29.4%.

In other words, by major commodity groups (for three quarters) the physical volume of exports remained virtually unchanged compared to the same periods of 2013 and for imports it decreased. In this case, the value in both directions increased since there was a relatively high exchange rate. Accordingly, it also provided the collection of customs duties (and to a greater extent on export). Customs fees are an integral part of the Russian budget. According to the Ministry of Finance on income derived from foreign trade, administered by the customs authorities account for over 60% of the budget. The structure of the federal budget for 2013 is presented in Figure 2.

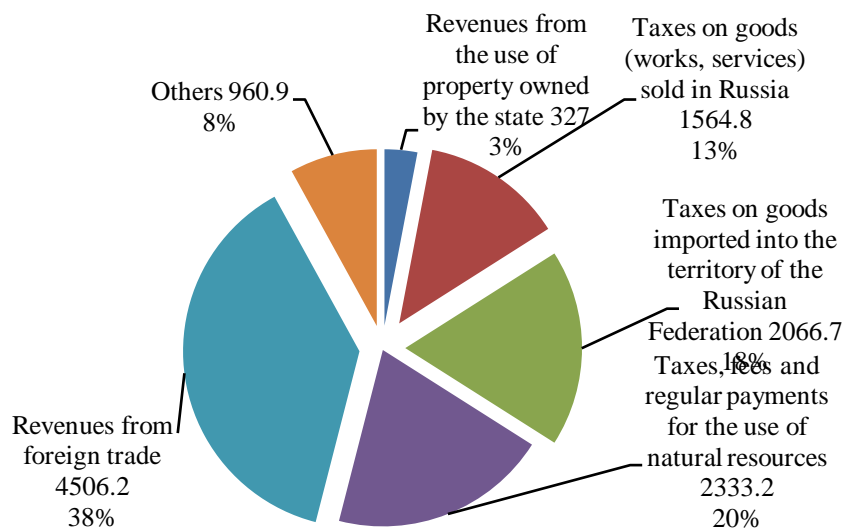


Figure 2 - Structure of the Russian federal budget revenues in 2013 (billion rubles)

Revenues from foreign trade amounted to 4506.2 billion rubles, or 38%, and taxes on goods imported into the territory of the Russian Federation – 2066.7 billion rubles or 18%. The dynamics of these types of budget revenue in value terms is shown in Figure 3.

¹ CIS - country of Independent States

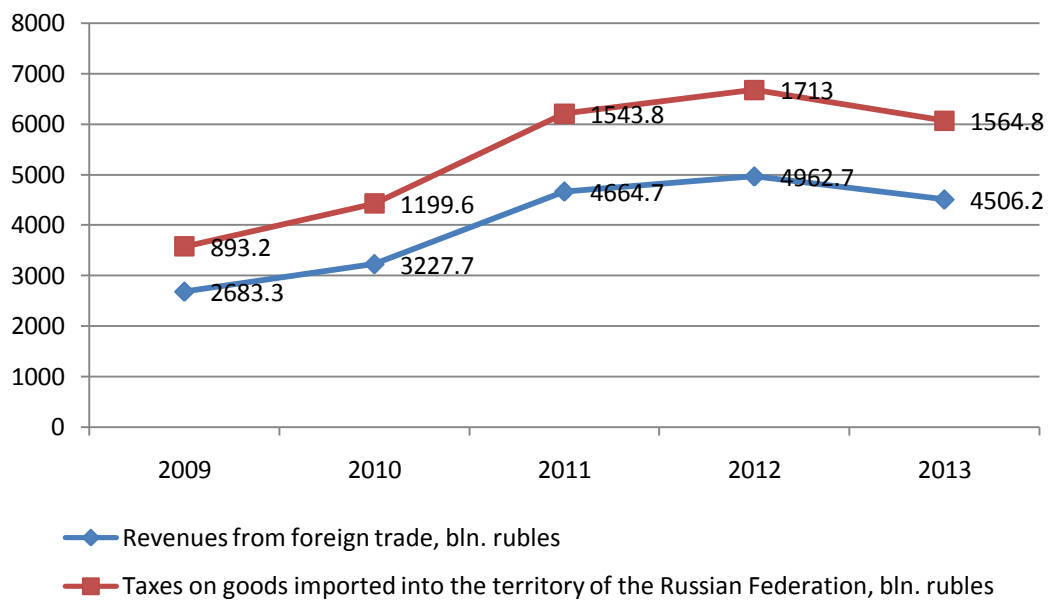


Figure 3 - The dynamics of the main types of revenues administered by the customs authorities of the Russian Federation, in the period from 2009 to 2013

Analysis of the data presented in Figure 3 shows that the budget revenue in value terms increased after 2009 (and in proportion to the increase in imports and exports), and in 2013 there has been a slight decline, which is also due to the decrease of foreign trade. Figure 4 shows the dynamics of the share of transfers of budget revenues administered by the customs authorities of the Russian Federation.

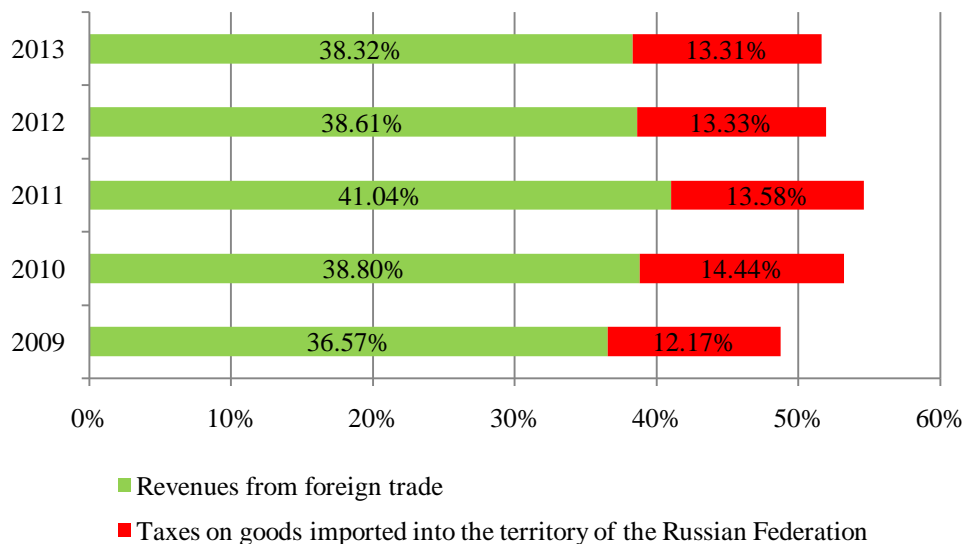


Figure 4 - Dynamics of Russian budget revenues from foreign trade

Analyzing economic indicators in Figure 4, it should be noted that the share of payments to the budget structure in 2013 decreased slightly compared with 2012. This is due to the fact that when planning, the budget original emphasis is given to a possible reduction in revenues from foreign trade due to changes in oil prices and the entry into force of a number of mechanisms of the World Trade Organization. As a result, priority was given to other types of revenues.

A similar situation can be seen in 2009, when the decline in revenues administered by the customs authorities occurred together with a reduction in their share of the budget. Due to the fact that the foreign economic activity, in principle, was unstable, and the flow of goods declined sharply, this made up for this lack by other types of taxes (Figure 5).

If we consider the share of payments in the consolidated budget of the Russian Federation subjects, it is much lower. Yet customs authorities finance the federal budget. The share of the consolidated budget is very small - only about 5%. The structure of the consolidated budget of the Russian Federation is represented in the diagram below.

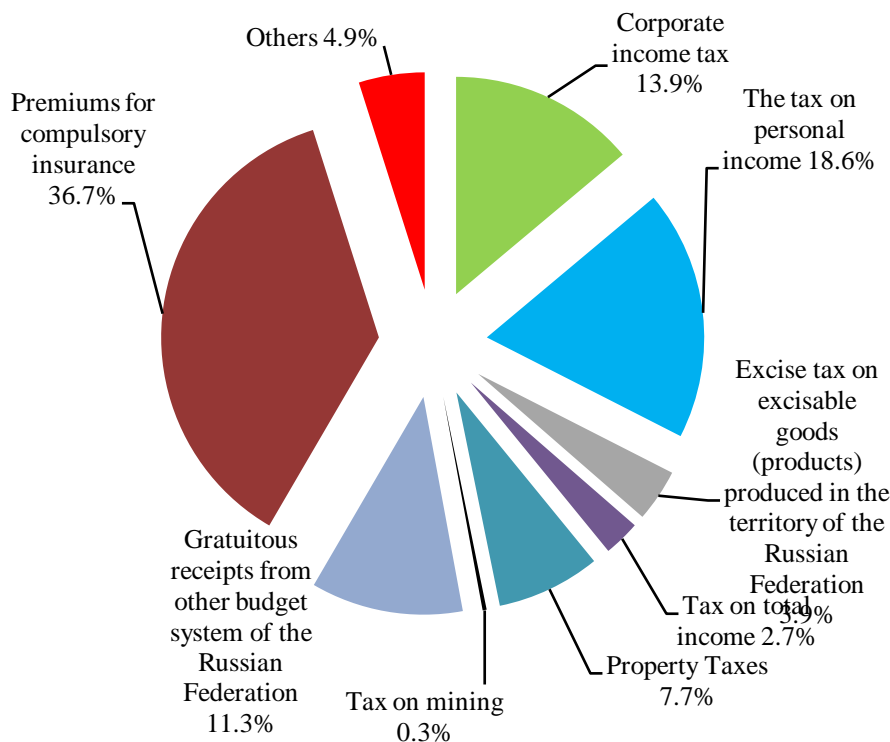


Figure 5 - Structure of the consolidated budget of the Russian Federation subjects

The revenues of customs authorities are mainly spent on national needs, the development of production, etc., rather than on social services.

Impact of globalization on the tax policy of the state

Since the 1990, the economy of Russia observed the processes that affect the country's economic development. They are due, on the one hand, to internal factors related to the economic, legal and socio-political changes - liberalization, privatization, deregulation, and the like, on the other hand, exogenous determinants - the globalization of economic activity and regional integration.

Globalization is characterized by that which comes under its influence the union of different kinds of markets (goods, services, information, finance, etc.). Today, this process covers about 60% of world GDP, 70-80% of international foreign trade and global finance (Mosey, 2004).

The result of globalization is a general reduction of duties, limiting the autonomy of the national customs policy coordination among countries in this area and the introduction of common fiscal tariffs on specific types of products. Globalization is primarily aimed at implementing the requirements of the competition and the search for the best forms of localization of economic activity.

In the 1980s and 1990s came the turning point in the functioning of protectionist tendencies due to the oil crisis. The result was a gradual reduction of customs barriers and widespread recognition of the need of liberalization of international economic relations. There is no national economy, which would not be to some extent dependent on a certain segment of the world market. This causes a permanent search for appropriate and effective instruments of the customs policy. As a result, a different view of its role and the creation of new functions has been developed. It takes into account the direction and pace of development, and the need to align the competitiveness of both enterprises and national economies.

The development of commodity markets and the growth of international trade are the most characteristic features of globalization. In modern conditions, many previously functioned rules are no longer effective. With this in mind, all countries (individually) have to adapt to the new order. An understanding of the processes of globalization, will allow them to reduce costs to a minimum and to increase its own profits. Economic policy can encourage and support the process of globalization, or, on the contrary, hinder the action of forces which accelerate. Customs policy, as an important component of economy, is also subject to this phenomenon. It is globalization of international trade which is the main driving force encouraging a change of philosophy and function of modern duties. The result is a different view of its role, the creation of new functions and tasks of the customs administration - the chief architect and regulator of foreign economic activity (G. Mosey, 2004).

Tax harmonization between countries involves the unification of claiming the tax rates, tax bases and tax exemptions. Apparently, this list should be added to the sources of payment of taxes and types of taxes collected themselves. It is obvious that for Russia the uniqueness of the situation is that the harmonization of relations within the framework of a regional organization, such as the EEC, also mean the need for harmonization of these relations in the framework of the others. Modern requirements are until now not too tough: the minimum rate of VAT in the EEC is set to 15%, and the average standard rate is 19.3%, which corresponds to the upper boundary of the proposed 20%. But it is easy to imagine that if in other economic organizations, including Russia, they would have different requirements (10% or 25% VAT) and these organizations would be rigidly insist on their implementation making Russia will be in a difficult position (Basalaeva 2004).

From this situation, there are at least two ways. The first - is the preservation of the sovereignty of the tax under any circumstances. It is clear that this choice substantially limits the ability of entry and work in international organizations whose membership requires the adoption of

appropriate amendments to the tax laws. Second - it is in respect of individual countries or groups of non-employed in relation to other countries or within the Russian tax requirements. Whatever choice was not made in Russia, this choice must be justified, and tax policies should be fully consistent with the public interest (Basalaeva 2004). When setting tax policy, it is first necessary to determine what the situation is compared with other countries is Russia from a tax point of view.

On the one hand, the officially declared position is to attract foreign investment for the creation of a favorable investment climate. This situation is typical for countries which are importers of capital. On the other hand, significant figures of capital outflow from Russia (taken out and paid in the form of income from foreign investments for the period 1993-2002 365 billion dollars and imported and produced in the form of investment income 128 billion dollars.) (Basalaeva 2004). Therefore, Russia should be considered as a country exporting capital.

Export or import of capital has, in particular, the impact on the country's ability to "export" taxes, shifting their weight on non-residents (residency - taxing persons having in this country a permanent place of residence, on all incomes, including those obtained abroad), which is at first glance very appealing. However, the increased mobility of capital is not capable of holding these benefits for a long time and, in turn, this dependence will affect the capital importing countries.

This follows from the foregoing problem of the relation of sovereignty and tax requirements of harmonization of tax relations (especially for countries with a common border). Increase or decrease in taxes affects, ultimately, the consumption of certain goods and services. This fact is one of the most important elements of state regulation of the economy. Speaking of the tax component of economic regulation, indirect taxes, are usually referred to which is in fact, consumption taxes (mainly VAT and excise duties). But an equally important role to play are taxes on income and profits. Firstly, because these payments directly affect the size of the sources of funds, which can then be channeled to consumption. Second, because these payments are removed much of the income as it is formed, regardless of whether the income is spent on consumption or focused on saving.

In the context of capital mobility, fiscal policy of one country inevitably has an impact not only on the economic situation of its own residents, but also residents of other tax jurisdictions, and through them – and the welfare of other countries. Avoiding such effects may only make the country completely closed off from the outside world, not leading trade or other foreign economic activity in other countries, and not allow any sort of economic activity between other countries in its territory. Imagine, the existence of such countries can only prove very difficult.

Given the fact that exports are mainly raw materials orientation, it appears that the greatest tax burden should fall on this. This will allow for taxes to be exported to Russia, because they will actually pay for foreign buyers. Moreover, in this case, export taxes are a tax on consumption rather than on production (and, as citizens of Russia will not pay it, the domestic consumption of this should not affect).

The identification of possible parameters and indicators of the impact of such a tax policy on the economy of other countries and its consequences, as well as the selection of the best possible

options for Russia are the most important tasks of macroeconomic tax planning and forecasting. For example, for a number of years, one of the key parameters that are taken into account when drafting the budget, are export prices of oil. Russia, as well as OPEC, and a number of other oil exporting countries, interested in the growth of the respective prices and to maintain them at the desired level, must use all available means of economic and political nature.

In general, 56% of Russian exports accounted for 11 countries, of which only 13% with CIS countries (Ukraine and Belarus), and about 10% - in the countries with which Russia has a common border and cross-border trade is given traditionally large role (China , Japan, Finland). Almost 60% of Russian imports accounted for 7 countries, with 24%, i.e. almost a quarter of all imports are from CIS countries (Ukraine, Belarus, Kazakhstan) from the border of almost 4% from Finland. In this case, both in terms of exports and imports in respect of Russia's foreign trade much of it is strongly influenced by the European Union. As for the SCO, a significant role is played by China (nearly 5% is exported and half - imports). The transfer of most of the tax burden on exports, should not cause much damage to a policy aimed at attracting foreign investment.

In summary, it can be noted that the role and the importance of coordination and harmonization of fiscal relations between the two countries will increase, and Russia needs today to develop an appropriate course of action and to build up foreign tax policy, which would correspond to the maximum of its public interest. One of the priority directions of tax policy should be to increase the tax burden on the export of raw materials to reduce it on exports of high-tech, high-tech products.

Thus, in the context of globalization of the world economy, despite the process of both positive and negative aspects, there is a significant expansion of the horizons of international tax planning, which helps to solve the problem of increasing the efficiency of financial activity.

Conclusions

This article was reviewed by taxation and tax planning in the field of export-import operations, identifying the issues involved, suggesting some ways to address them and optimization in today's reality.

The development of international trade is accompanied by the introduction of different kinds of restrictions and barriers used by different countries to protect their interests. There are complex and multi-stage tax systems, on which depends largely the effectiveness of foreign economic activity of the country. Not only does one need a thorough knowledge of tax law, but also to be able to correctly interpret and apply the existing rules in it, discounts, exemptions, exceptions. This will develop the direction and methods of the country in order to minimize the total amount of tax liabilities. In the global economy, despite the fact that there is the process of both positive and negative aspects, there is a significant expansion of the horizons of international tax planning that allows solving the problem of increasing the efficiency of financial activity.

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