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АРУТЮНЯН ВЛАДИМИР ЛИПАРИТОВИЧ

д.э.н., профессор, Член-корреспондент Национальной Академии наук Республики Армения, директор Института экономики им. М. Котаняна Национальной Академии Наук Республики Армения, e-mail: info@economics.sci.am

АРУТЮНЯН ТИГРАН ВЛАДИМИРОВИЧ

д.э.н., доцент, старший менеджер по аудиту компании ООО "Дженерал Стандарт Консалтинг", e-mail: t.harutyunyan@gc.am

КОНЦЕПТУАЛЬНЫЕ ПОДХОДЫ К НАЛОГОВОМУ АДМИНИСТРИРОВАНИЮ

Аннотация. Результаты, полученные в рамках статьи, показывают, что факторный анализ каждого из рассматриваемых методов — индуктивного, дедуктивного и концептуального — отражает тот факт, что в переходных странах, таких, как Республика Армения, эффективность налогового администрирования и формирование современной налоговой системы обусловлены упрощением налогового законодательства, сокращением количества финансовых и налоговых отчётов, а также устранением двойного смысла и разночтения налоговых законов. Результаты анализа показывают, что эффективность налогового администрирования или неэффективность достаточно трудно оценить и рассчитать в виде социально-экономического ущерба. Неэффективное налоговое администрирование, следовательно, и неэффективная налоговая система лишают государство возможности безупречного исполнения своих функций. Авторы рекомендуют административные шаги, которые должны быть связаны с программами, которые способствуют развитию малого бизнеса, что позволит избежать наблюдения того же экономического субъекта различными государственными органами. Для этой цели предложены конкретные меры, которые должны быть реализованы.

Ключевые слова: хозяйствующий субъект, налоговая система, налоговая политика, налоговая нагрузка, налоговое администрирование, налоговое законодательство.

HARUTYUNYAN VLADIMIR LIPARITOVICH

Doctor of Economic Sciences, Professor, Corresponding Member of the Armenian National Academy of Sciences, Director of the Institute of Economics. M. Kotanyan Natsionalnoyy Academy of Sciences of the Republic of Armenia, e-mail: info@economics.sci.am

HARUTYUNYAN TIGRAN VLADIMIROVICH

Doctor of Economic Sciences, associate professor, senior manager of audit company "General Standard Consulting", e-mail: t.harutyunyan@gc.am

THE CONCEPTUAL APPROACH TOWARDS TAX ADMINISTRATION ISSUES

Abstract. The results based upon the methods of induction, deduction and conceptual approach show that in the post-transitional countries, such as the Republic of Armenia, is the effectiveness of the tax administration and the establishment of contemporary tax system is contingent upon the simplification of tax administration, the reduction of tax and financial reports and the abolishment of the fuzzy statements of the tax legislation. The results show that it is difficult to measure the effectiveness and/or ineffectiveness of the tax administration and demonstrate it as a socio-economic loss. The weak tax administration and consequently the weak tax system hinder the perfect implementation of the state functions by the government. The authors recommend administrative steps should be linked with the programs that boost the development of the small businesses that would consider the avoidance of the surveillance of the same economic agent by different public institutions. For that purpose, specific measures are proposed to be implemented.

Keywords: Economic agent, tax system, tax policy, tax burden, tax administration, tax legislation.

Preface

In the modern day world the role of the state in the regulation of the national economy is being increased continuously. However, great the role of the private sector, the history is reaffirms that the primary player in the economic domain of every country is the state. Indeed, whether the state is socialistic or capitalistic or adheres to any other socioeconomic system, the government is not only the initiator of the foundation of the economic agents, but also the regulator of the economic relations [1, p. 7]. To pursue those goals the state normally applies its macroeconomic leverages of tax regulation. In that regards, the tax system is the entirety of the implemented tax policies.

The article discusses the tax administration as an active tool of tax system. Our aim is to substantiate the expediency of the application of conceptual approach regarding the issues of tax administration and show the ways of thereof successful adoption in the tax system of the Republic of Armenia.

Methodology

To tackle the research goals, we did a comparative analysis of the conceptual approach and thereof practical application in the tax system of the Republic of Armenia with an objective to ameliorate the current state of affairs of the tax administration of the Republic of Armenia. The primary goal, however, is to improve the tax policies performed vis-à-vis the SMEs.

Furthermore, we encountered with the issue of adequately defining and measuring the tax administration. Therefore, we applied both inductive and deductive methods. In particular, the inductive methods deem all the conceptual treatments in entirety as a one integral unit. Deductive method was applied with respect to the approaches more immanent particularly to the Armenian tax system. Afterwards, holistic and factorial analysis of the conceptual approaches was carried out. We based upon the hypothesis reckoning the laws that regulate the economy as a logical chain.

Literature review

Number of both foreign and domestic scholars are dedicated to the tax administration, its functions and the methods of enhancement its efficacy [2]. Undoubtedly, it's impossible to give the absolute definition of the tax administration. For instance, R. Saakyan and et al. define tax administration as a dynamic system of tax relations and thereof management that centralizes the activities of tax bodies in market economy. [3]

Different definitions of tax administration are available in the contemporary economic literature. For example, O. Ponomarev and et al. state that the tax administration is a combination of formal, purely administrative and imperative approaches that are described in the theory of management [4, 5]. H. Fayol reckoned the issue of administration from the viewpoint of management, i.e. considering it as prediction, management, organization, surveillance and command [6]. However, Ospanov described tax improvements and the harmony of tax relations as a coordinated and mutually activities between the state and the tax legislation [7].

Tax administration was also defined by Saaakyan et al [8, p.118]. A. Tamazyan defines tax administration as a set of interrelations among tax agents (tax authorities and taxpayers) and functions and duties implemented by tax authorities that are targeted at identifying registering and serving the tax-payers in the existing tax system within the framework of the tax legislation [9, p. 21].

According to Ponte the efficiency of the tax administration is associated with the identification of the tax potential and the administration is implemented by public institution [10].

Orlov views the tax administration as an institution that being a system regulates and oversees the adherence to the tax legislation and performs monitoring and control over it [2]. According to Aro-nov and Kashin tax administration is considered as a process of collecting tax revenues and management that ensures compliance between the business interests and the functions of the government [5, p. 25–26].

Chernik believes that at the core of the tax administration is the right and he views it as a process that protects the rights of the tax-payers and tax authorities as a result of designing various tax procedures [12]. Giles provides several objectives the complete list of which ensures the increase in effectiveness of adopted tax administration processes [13].

Burman et al. view the tax system as “Real tax production” [14] that ensures the compliance with the tax related legislative acts and identifies those taxpayers that break the law process in the process

of applying economic tools as a result of subjective and imperative regulation [15, p. 18–19;16].

We do agree with the first and the second assumptions, however by referring to the definition of Dadashev [17, p.12–13] the tax administration is considered the same as the tax control, which we think is unacceptable. The latter supposes management and/or control over the object, which in its turn includes planning, accounting, regulation, and control processes. We tend to accept the approach of Ponomariev [4, p. 79–81] and its application in Armenia, who thinks that tax administration is the regulation of tax relations. We do agree with the approach of the World Bank according to which ineffective tax administration and hence weak and/or ineffective tax system hinder the government from implementing its functions effectively [18, p. 65–68].

Both in developed nations, and countries with post-transition economies the effectiveness of the tax administration and creation modern tax system are associated with the simplification of the tax legislation, reduction of the number of financial and tax statements, and elimination of loop-holes in the tax-related legislative acts [17].

Discussions

Based upon the illustrated models it can be deduced that the researchers in the second group find that the administration is the surveillance thus ignoring the other elements of tax administration. Tax administration and tax surveillance significantly differ from each other. Those differences are illustrated in table.

In accordance to it, tax administration is not considered to be the same as tax surveillance whereas certain measurements. Moreover, tax administration can be defined in different domains (levels).

- According to the level of implementation- state and regional;
- According to the level of regulation local and international;
- According to the types of the methods — forceful and partnership, inert, differentiated, instantaneous and preventative;
- According to the methodological definition tax administration is deemed from the viewpoint of the taxpayers as well as the implementation of the fiscal activities as a result of the generated based upon their tax declarations [19].

In other words, tax administration and its effectiveness is assessed in the framework of the taxpayers and tax bodies, i.e. the more is the violation of the tax legislation the less is the efficacy [20]. Such violations are possible to correct through either forceful or cooperative means. The forceful means imply the concentration of the tax administration. The final goal of the tax bodies is the generation the maximum possible amount of revenues in the state budget. Therefore, they need to detect those agents that intentionally bypass the law and evade from paying the taxes. This method, inter alia, implies the participation of the law enforcement agencies in tax surveillance. It is known as “terrifying the taxpayers” [21]. In most cases, the result is the increased level of corruption which elicits the emergence of the shadow economy. Such approach requires huge expenses for the tax bodies. Among the negative results is the passivity of the households. All the negative results were pretty noticeable in the post-independence Armenian economy.

The fig.1–2 shows that large and medium-sized businesses suffer more from the activities of the ineffective tax administration. Especially, unlike the service sector, the enterprises acting in the sectors of industry and trade are more dependent upon the activities of the tax administration.

We tend to apply the partnership method of tax administration as it implies cooperation between the taxpayers and the government. Hence, the shaping of peculiar institutions such as prejudicial solution of the conflicts and tax consulting become complete possible. While applying the partnership method consulting firms emerge that act independently from the governmental bodies (are not attached to the latter). Consequently, one may argue that the tax administration and its effectiveness are contingent upon the development of free market relations. In particular, the tax types that have a direct impact on the GDP and their tariffs are highly prioritized.

The characteristics and differences of the tax administration and tax surveillance [16]

Measurement	Tax administration as a system of managing the tax relations	Tax surveillance as a mutually agreed activity of taxation mechanism and financial surveillance
<i>Object</i>	Tax relations	Subjectivity while paying taxes, fiscal, surveillance and regulation activities
<i>Functions</i>	Planning Recording Regulating Surveillance	Fiscal, surveillance and regulation
<i>Methods</i>	The integrity of the relations between the taxpayers and the tax authorities as well as the integrity of applied methods and measures of surveillance	The entirety of the results and methods of surveillance
<i>Objective</i>	The management of tax relations with respect to the works of tax authorities and its expenses as well as the optimization of the generation of tax revenues	Generation of additional tax revenues in the state budget
<i>Purpose</i>	T improvement the culture of interaction of the taxpayers and the tax authorities	The accuracy of the tax payments by the taxpayers
	The accomplishment of the cooperation of the taxpayers while dealing with the tax duties	Trainings on the tax legislation to prevent its
	The enhancement of the levied taxes	Accuracy of accounting and tax calculation and organization of the tax reports
	The detection of the clandestine agreements on tax avoidance	
	Prediction of the development of the tax relations	The surveillance of the cooperation of the banks and the taxpayers
<i>Methods</i>	Instantaneous, preventative, inert, differentiated, forcible, partnership	Selective and generic, preliminary and current, laboratory.
<i>Principles</i>	Legality, objectivity, transparency, consistency, feasibility, efficacy, differentiation.	Popularity, consistency, comprehensiveness, prevention, transparency, independence.

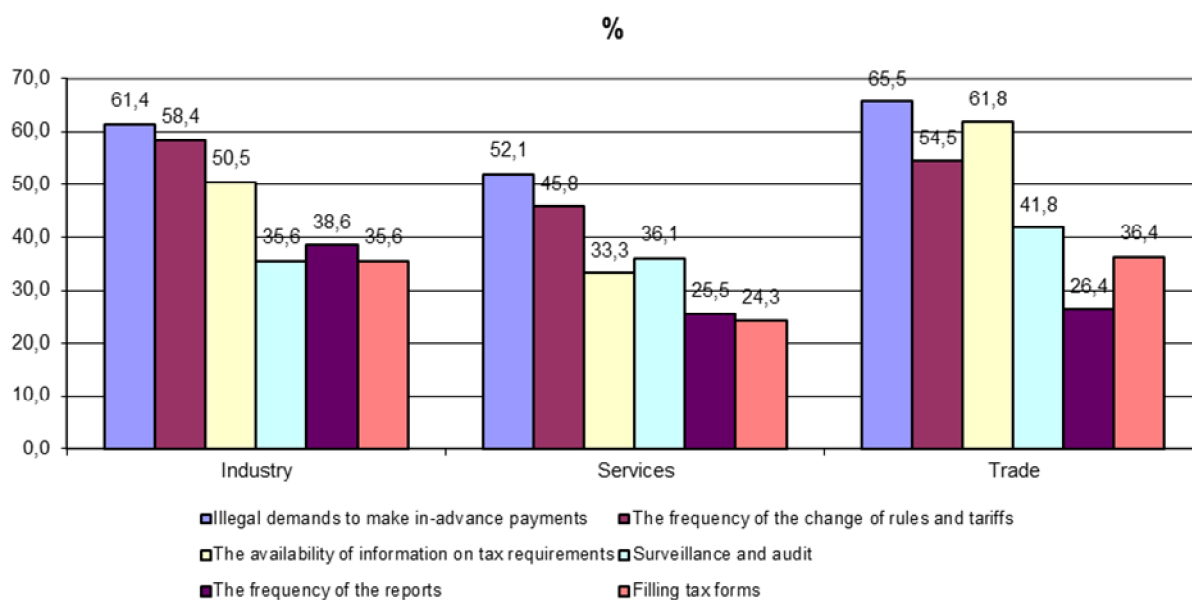


Fig. 2. The system of assessing the tax administration by the sectors of economy, % [22, p. 38]

Lessons learnt

We may conclude by stating that the tax administration is the assessment activity of the tax authorities:

1. The post-transitional states have a problem of generating the budget revenues because of the socioeconomic pattern of the state. Here taxes are the primary source of financing. The enhancement of the management is interrelated with the high level of tax administration.

2. It is difficult to measure the effectiveness/ineffectiveness of the tax administration and demonstrate it as a socioeconomic loss.

3. The effective management of the tax system determines the effectiveness of the tax administration. The higher is the level the higher is the predictability of the tax revenues and the generation of higher tax revenues becomes more feasible. Otherwise, a room is left for corruption and shadow economy.

4. The improvement of tax administration in the Republic of Armenia should be in line with the interests of both public and private sectors. If the determination of the amount of the payable tax is the duty of the taxpayers, the latter should feel the state support in doing it.

5. The tax administration and its effectiveness is conditional upon the development of the free market economy. In particular, the tax types that have a direct impact on the GDP and their tariffs are highly prioritized.

Policy Recommendations regarding the improvements of tax administration and the adoption of tax policies

The taxation of the SMEs implies the preservance of the principles of comparative justice and equality. For that purpose, it is necessary a relatively low, but just burden. Various kind of reports and registrations must be minimized. The administrative steps should be linked with the programs that boost the development of the small businesses that would consider the avoidance of the surveillance of the same economic agents by different public institutions. For that purpose, the following measures must be implemented:

– The reduction of the quantity and the frequency of tax reports and the other documents required from the small businesses.

– The circulation of the documents should not be a burden for the small businesses; however, the registration-related issues should be refined.

– The tax service should introduce a new system purported to help the small businesses.

– The reduction of the frequency of the checking in the small businesses that would entails a system that does not hinder the development of the SMEs.

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