

Unified Agricultural Tax - Unique Form of Tax Regulation of Agricultural and Food Supply Chain Manufacturers Activities

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Abstract- In the economic system of any state, the level of development of agriculture plays an important role. In view of the fact that a huge part of our country's territory is occupied by agricultural lands, this topic is quite relevant for Russia. The article examines the issues of food supply chain and agricultural producer's state regulation. In more detail in the article, the application of the Russian tax system for food supply chain and agricultural commodity producers is considered. The peculiarities of applying a food supply chain and single agricultural tax, determining the tax base and the structure of calculating this tax are also considered. The article gives attention and analyzed the place of the single agricultural tax in the revenues of the consolidated budget of the Russian Federation for several years. The author outlines the advantages and disadvantages of applying a single agricultural tax in Russia. The authors concluded that it is necessary to improve the single agricultural and food supply chain tax, which will help increase the application of the tax by agricultural commodity producers.

Keywords: tax regulation, unified agricultural tax, agricultural and food supply chain, manufacturers activities.

1. Introduction

Agricultural sector, ensuring the satisfaction of the population's needs for food, takes an important place in the economic system of any state. The effective development of agrarian sector of Russian economy depends not only on natural and climatic conditions, but also on the support from the state, in the form of creating favorable economic conditions for management. Therefore, state intervention in regulation of agricultural production and food supply chain is necessary, even in the market conditions of management. Russia's accession to the World Trade Organization and, as a result, increased competition in the domestic and foreign markets, high technical equipment and a high level of state support of agricultural activities abroad, create an immediate threat to the national economy and its agricultural sector. In this regard, the Russian Federation is trying to improve the agricultural industry, using various methods of state regulation, including the application of special taxation system for agricultural producers.

The creation of special tax regime in the form of unified agricultural tax is based on the specific features of agricultural production and food supply chain: seasonality, dependence on natural and climatic

conditions, and, in some countries of the world, the predominance of small producers (farmers). The transition to an innovative development model has become a fait accompli in many developed countries. As the world experience shows, any state, even without pronounced natural resources, can be among the leading economies of the world, just due to a comprehensive innovative development. The same opinion is shared by such authors as [1], [2]. It is also the subject to agriculture. At the same time, despite the fact, that the taxation of agriculture is constantly being reformed, the complexity and ambiguity of the tax legislation, pronounced fiscal nature (with the suppression of the role of taxation regulatory function), the inadequate use of tax mechanisms for stimulation of investment, innovation and entrepreneurial activity, do not allow the tax system to fully perform its functions in agriculture. There are also problems, associated with tax risks. The management of tax risks is a new direction of tax administration, as written by such authors as [3], [4]. These circumstances determine the urgency of developing of scientific and organizational ways for improving the unified agricultural tax, based on a system analysis of existing mechanisms of tax regulation, financial conditions of economic entities, engaged in agriculture, and the introduction of new mechanisms, taking into account the consistency and coherence of planned changes to the whole range of institutional factors, that determine specific features of agriculture development in Russia.

2. Materials and Methods

Agriculture is one of the most important branches of the Russian economy, forming the basis of agro-industrial complex. It provides the country's population with food products and acts as a supplier of raw materials for processing industry enterprises. In turn, agriculture is a major consumer of industrial goods. It is necessary to recognize the strategic importance of the agricultural and food supply chain sector efficiency, which directly affects the level of population well-being. The development of agricultural economy was investigated by such authors as [5], [6], [7]. According to the United Nations Statistics Division in 2014, Russia ranks 129th from among 200 countries, listed in the document on the share of agriculture in the country's gross domestic product. The first dozen of

countries with the largest share of agriculture in the country's gross domestic product include mainly developing countries (many African countries and island states). It is known, that the competitiveness of any industry directly depends on the investment climate. Investments are the main factors, ensuring the economic development of the country's agriculture,

improving the quality of life of the rural population. In addition, stable and sustainable investments in agriculture contribute to the development of innovative technologies in this sector. Therefore, one of the important indicators is the level of investment in agriculture in Russia (Figure 1).

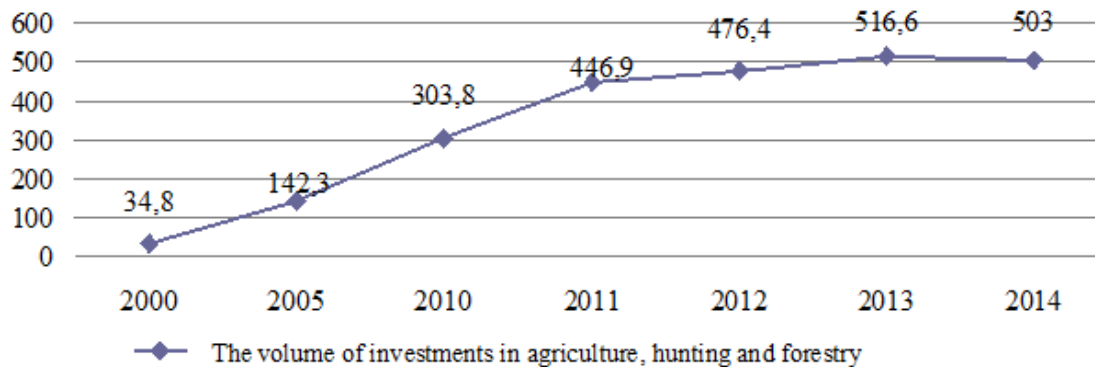


Figure 1. Dynamics of investment in agriculture of the Russian Federation for 2000-2014 [8], in billion rubles.

The level of investment in agriculture in Russia remains low. This is due to the various reasons. These include low feasibility and profitability of entities, engaged in agriculture, a large number of unprofitable farms. And also it should be noted, that the level of economic development of regions influences the development of investments in agriculture. The problems of differentiation of economic development level of regions should be implemented using a set of measures, reducing these problems [8], [9]. Specific features of agriculture stipulate a special procedure for taxation of agricultural and food supply chain producers. Therefore, one of the mechanisms of state

support for this industry is their facilitated taxation in the form of granting the right to apply unified agricultural tax. Unified agricultural tax is a special tax regime, developed and implemented for producers of agricultural products, aimed at their financial support, as well as simplification of tax administration. For fully implementation the legal norms, regulating the application of unified agricultural tax, it is necessary to define the principles of its formation and functioning as a special tax regime. The following taxation principles, presented in Table 1, are the basis of unified agricultural tax.

Table 1- The principles of the formation and functioning of unified agricultural and food supply chain tax

Principles	The meaning of the principle
The principle of legality	This principle is that all the types of special tax regimes are defined in the Tax Code of the Russian Federation.
The principle of individualization	It consists in allocating of subjects categories in each tax regime, special requirements for switching to a specific taxation system (for example, when switching to unified agricultural tax system, for the calendar year preceding the year in which the switching application is submitted. The share of income from sales of agricultural products and food supply chain must be at least 70% of the total income of the taxpayer).
The principle of voluntariness	Switching to unified agricultural tax is carried out on a voluntary basis.
The principle of replacing a number of taxes by paying a single tax	It is implemented by replacing the payment of property tax, value added tax and corporate income tax by paying unified agricultural and food supply chain tax.
The principle of tax remissions	It is that the tax regime of entities, applying unified agricultural tax should be milder, compared to the general tax regime (lower tax rates are set at 6% for a single tax).

The principles, listed in the table, form the basis for the functioning of unified agricultural and food supply chain tax as an organizational and legal category. Clear implementation of these principles allows to separate special tax regimes from the free economic zone, tax havens, offshore zones and the tax incentive system within the standard tax regime, aimed at creating

conditions for minimizing taxes, often in violation of taxation principles; while the special tax regime aims at more complete implementation of these principles through a single tax in one form or another. Unified agricultural tax has both advantages and disadvantages (Table 2).

Table 2- Advantages and disadvantages of unified agricultural and food supply chain tax

Impact factor	Advantages	Disadvantages
Exemption from the corporate income tax (personal income tax for individual entrepreneurs), property tax, VAT.	Reducing the total tax burden for the amount of this tax.	The loss of potential and actual counterparties, due to the impossibility for them to accept VAT deduction and, consequently, the limitation of the sales market.
	Reduction of distractions from the turnover of funds, spent for advance payments and taxes.	Absence of the right to deduct from the budget value-added tax.
A special procedure for determining receipts and expenditures.	The possibility of applying the methods of tax optimization, due to the fact, that the subject of taxation is income, reduced by the amount of expenditures.	Closed list of expenditures, determined by the cash method.
		VAT on purchased goods (works, services) is included in expenditures only after payment.
	Interest in the renewal of basic production assets, since their value is written-off at a time for expenditures.	Losses, received before the switching to a single tax, do not reduce the tax base in the period of its application.
		For the reason, that incomes are accounted according to the cash-basis method, organizations on a single tax regime are unprofitable to use a deferred payment, as a result of which there may be a loss of counterparties.

The list of advantages and disadvantages, presented in Table 2, is not exhaustive. So, there are factors, which can not be unequivocally attributed to a certain group of influence. For example, the state introduction of unified agricultural tax did not result a significant simplification of accounting for agricultural and food supply chain enterprises. The application of unified agricultural tax exempts taxpayers from the obligation to account depreciation charges for tax accounting purposes, but this exemption does not apply to maintenance of accounting records. In addition, when switching from a general taxation system to a special regime for agricultural and food supply chain producers, the taxpayer is required to reassess the tax obligations and the value of fixed assets. In practice, this duty is often a deterrent in the process of taxpayers switching to a special tax regime.

3. Results and Discussion

The formation of the tax base for the unified agricultural tax in the Russian Federation during 2006-2014 is considered in Table 3. For the analyzed period, the income of unified agricultural tax payers increased from 398.1 billion rubles to 1145.9 billion rubles. The amount of expenditures, meanwhile, also increased by 2.6 times: from 414.4 billion rubles to 1064.5 billion rubles.

Table 3- The tax base and the structure of accruals for unified agricultural and food supply chain tax in the Russian Federation during 2006-2014 [10] in billions of rubles

Year	Amount of income	Amount of expenses	Tax base	Amount of loss for the previous tax period	Amount of calculated unified agricultural and food supply chain tax
2006	398,1	414,4	18,6	-	1,1
2007	484,9	484,7	33,3	-	2,0
2008	605,5	636,1	29,2	-	1,8
2009	646,2	632,5	50,5	-	2,3
2010	772,4	742,1	69,6	15,2	3,3
2011	873,1	862,9	65,7	11,4	3,3
2012	948,2	920,6	79,9	19,0	3,7
2013	1 014,2	976,5	86,6	19,9	4,0
2014	1 145,9	1 064,5	121,4	30,8	5,5

The amount of loss, received in the previous tax period (periods), decreasing the tax base for the tax period, tends to increase: from 15.2 billion rubles in 2010 to 30.8 billion rubles in 2014. The increase of losses from year to year is mainly due to such factors as instability of natural and climatic conditions, which, in turn, exert a tremendous influence on the activities of agricultural and food supply chain producers. In addition, the growth of losses in the result of a single tax application was, to a certain extent, affected by the accession of the

Russian Federation to the World Trade Organization. Meanwhile, the amount of the computed unified agricultural tax is also increasing slowly every year. So, if in 2006 its value was 1.1 billion rubles, then in 2014 this figure was equal to 5.5 billion rubles, which is 5 times more. The formation of the tax base for unified agricultural tax in the Russian Federation should also be considered in conjunction with such factor as the number of production units, applying special taxation system for agricultural and food supply chain producers (Figure 2).

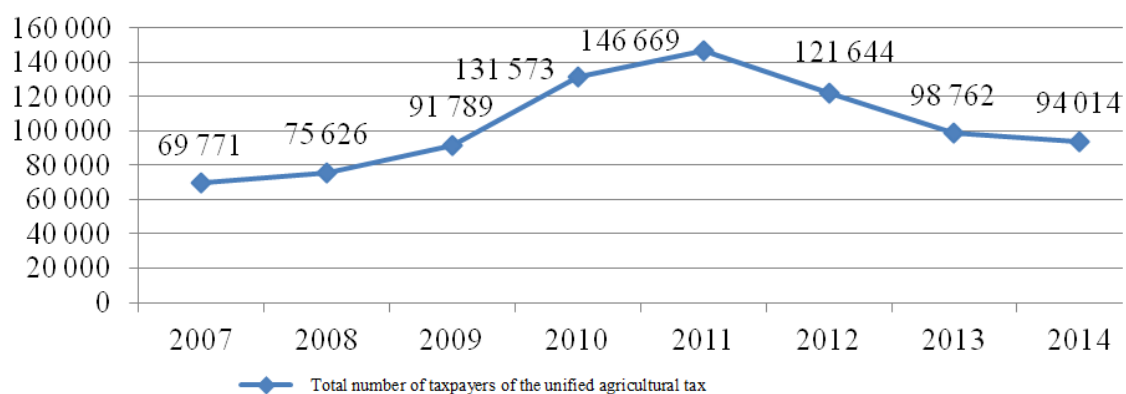


Figure 2. Dynamics of taxpayers of the unified agricultural and food supply chain tax in the Russian Federation for 2007-2014, in units/person.

According to Figure 2, the number of taxpayers of the unified agricultural tax is unstable. A similar situation is noted among the payers of the unified agricultural

tax: separately for organizations and for individual entrepreneurs (Figure 3).

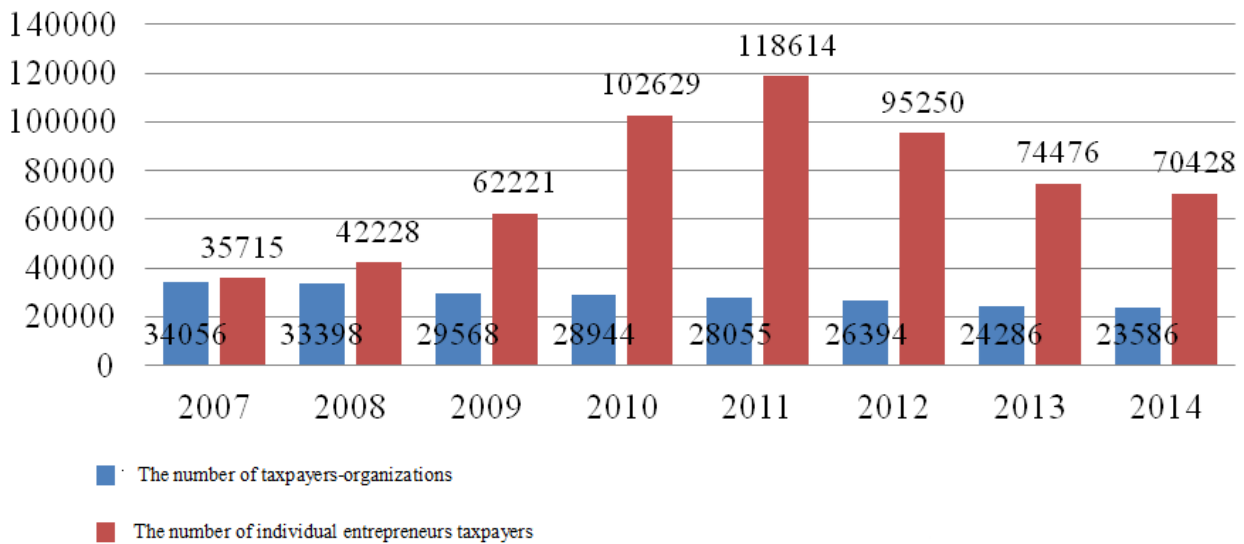


Figure 3. Number of payers of the unified agricultural and food supply chain tax of organizations and individual entrepreneurs for 2007-2014.

So, the analysis of the formation of the tax base and the structure of accruals for unified agricultural tax, and the analysis of the change in the number of taxpayers of single tax, showed that, despite the reduction in the number of production units, applying this special tax regime, all the indicators, forming the tax base, and the tax base itself increased. This indicates the expansion of the activities of individual

entrepreneurs and organizations, applying a special taxation system for agricultural and supply chain producers. As one of the special tax regimes, the unified agricultural tax has a slight impact on the tax revenues of the consolidated budget of the Russian Federation. Despite this, in general, the dynamics of the single tax revenue for 2011-2015 is positive, as shown in Figure 4.

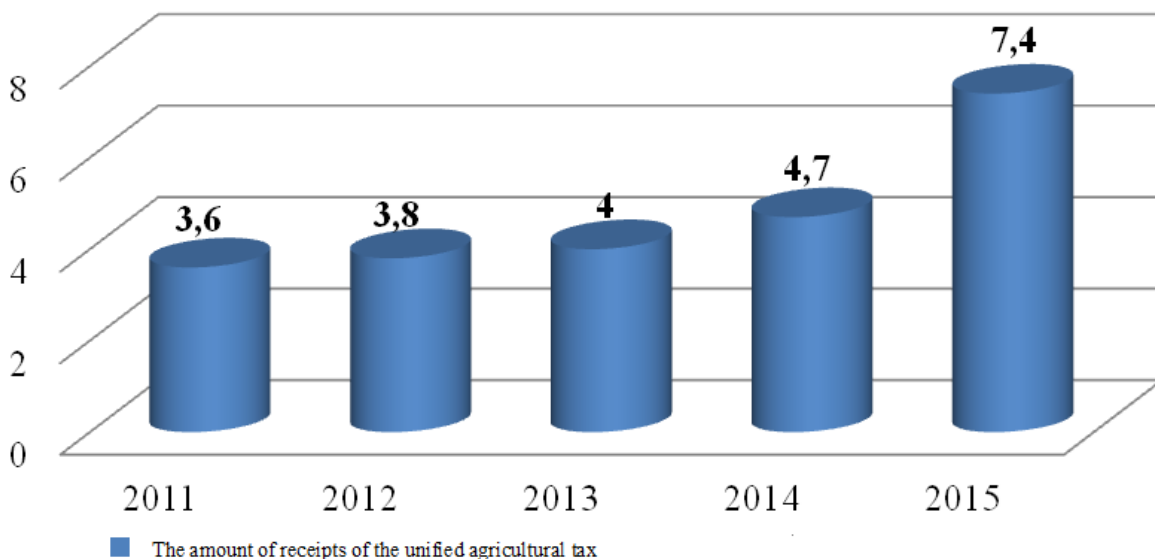


Figure 4. Dynamics of receipts of the unified agricultural and food supply chain tax in the consolidated budget of the Russian Federation, in billions of rubles.

The above figure shows, that from 2011 to 2015 there was an increase in the receipts of the unified agricultural tax in the consolidated budget of the Russian Federation. Also it should be noted, that the greatest growth rate for the period under review is in

2015, when the amount of revenues of the unified agricultural tax in 2015 was 7.4 billion rubles, which is 1.6 times more than the value of the same indicator in 2014. In the structure of the tax revenues of the consolidated budget of the Russian Federation, the

share of the revenues of the unified agricultural tax is low - not more than 0.01%.

4. Deductions

Thus, the contribution of the unified agricultural tax to the budget system of the Russian Federation is insignificant, that is explained by its original function - stimulating agriculture. The unified agricultural tax remains entirely at the disposal of the local budgets of the Russian Federation. In general, the dynamics of unified tax revenues in the consolidated budget of the Russian Federation for 2011-2015 is positive: from 3.6 billion rubles in 2011 to 7.4 billion rubles in 2015. A significant increase in revenues is in 2015: the rate of single tax in 2015 is 1.6 times higher than the same indicator in 2014. In the structure of tax revenues of the consolidated budget of the Russian Federation, the share of revenues from unified agricultural and food supply chain tax is low. The creation of favorable conditions for the economic development of the industry is the main objective of the tax policy in agriculture at the current stage, and it remains topical and fundamental. Improving the functioning of the unified agricultural tax is one of the objectives of the tax policy in agriculture, along with stimulating investments in agriculture, the efficient use of land resources, and environmental taxation. Unified agricultural tax, unlike the general regime, should be developed by the way of maximum simplification (simplification of administration and accounting, easiness of transferring, etc.). In the conditions of applying a single agricultural tax, the following problems were identified: premature and economically unjustified introduction of a single six percent rate for the taxpayers of special tax regime; loss of potential and actual counterparties, due to the inability for them to deduct the value added tax and, consequently, the limitation of the market for the products sale; unattractive mechanism for transferring to a special tax regime.

5. Conclusions

In the course of the study, we identified the following ways to solve the problems, defined in the work.

1. It is advisable to change the conditions for recognition of agricultural producers and food supply chain by taxpayers of the unified agricultural tax, in order to stimulate the growth of the number of taxpayers, applying this taxation regime.

2. It is necessary to differentiate the rate of unified agricultural tax, which would take into account the natural and climatic conditions, soil fertility and innovative activity of agricultural and food supply chain producers, since at present, in Russia, there is a significant differentiation of regions, in terms of the level of agricultural production development [12].

3. In order to increase the competitiveness of agricultural and food supply chain producers, it is necessary to change the mechanism of VAT taxation for organizations, which are in the taxation system for

agricultural producers. To do this, it is necessary to exclude the value-added tax from the list of taxes, from which taxpayers of the unified agricultural tax are exempted, and introduce a zero rate for this tax, with the right to choose the status of the value-added taxpayer [11].

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