

WAYS TO IMPROVE THE EFFICIENCY OF TAX CONTROL AT THE PRESENT STAGE OF TAX REFORM

Armenian State Economic University,
VAHAN GEVUSH BAGHDASARYAN
Deputy Dean of the financial fakultet ,
Associate Professor, Ph.D.,
bagvahan79@mail.ru

Tax reform is an essential part of economic reforms in Armenia. In the course of tax reform has been a significant reduction in the tax burden, primarily - by reducing the rates of major taxes. The economic crisis that caused the reduction of income to the budget system of Russia, increasing requirements for fiscal discipline and improving tax collection. More recently - in the 90s of last century, the weakness of the government and distrust of her most of the population, imperfect legislation, corruption and legal nihilism spawned many businesses feeling of permissiveness and made tax evasion in a kind of national sport, especially not condemned by public opinion¹. At present, work has begun to rectify this situation, but there is still a great deal. In recent years, laws and practices of the tax have changed significantly. Covered many "loopholes" to avoid taxes, rights and obligations of taxpayers and tax authorities have become more balanced, tax control procedures rather clearly defined and understandable to taxpayers. At the same time, the analysis of the practice of tax authorities shows that many aspects of fiscal control in the legislation are not worked out quite well, which creates significant difficulties for the participants of tax relations and reduces the effectiveness of the control of the tax authorities².

The efficiency of the tax system depends on the quality of management. The activities of the state management of the tax system depends on the nature and purpose of the tax policy of the stage of development. In the modern economic literature does not appear a clear definition of

¹ Abdullaev, NA The public sector in transition economies. -M. Univ. house "financial control", 2003. 176 p.

² Yuri Voronin The State Financial Control: Theory and Practice. M.: Financial Control, 2005. - 432 p.

“management of the tax system.” In practice there was to be replaced by the term “tax administration”. Managing the tax system can be regarded as an activity of the state to manage each element within the concept of the tax system. With respect to the first element (a set of taxes) - it is legal to specify a list of taxes and the taxation of each type of taxes and fees. Regarding the second element (the competence of the authorities and fiscal management) - this is legal (in the constitutional, civil and tax laws) to establish jurisdiction, the principles, procedures, forms and methods of organization and activities authorized by the tax authorities in the field. Finally, the third element (a set of tax authorities) - the definition of roles and responsibilities of tax authorities to ensure fiscal control and bring to justice those who violate tax laws. Thus, administration of the tax system is based on three pillars: regulations (tax law), the organizational basis of the subjects of tax relations, tax control.

Tax administration should be considered as an integral part of the tax administration. The basis of approval can also be supposed original meaning of the term “administration”. “Administration” is derived from the Latin word for service management¹. Under the administration understand the totality of public bodies carrying out control functions. Thus, the initial interpretation of the term “administration” and the modern in its content that the tax administration - is the activity of state authorities, but no legislative power in the tax area. The legislature established the basic principles, forms and methods of tax relations, that is the subject of tax legislation. Tax administration as a managerial activity is directed state agencies to implement regulations².

The main elements of the tax administration acts:

- monitoring of compliance with tax laws by taxpayers (taxpayers charges);
- monitor the implementation and execution of tax legislation by tax authorities;
- organizational, methodological and analytical support for control activities.

¹ Belousov A. Procedures for resolving tax disputes under the laws of the United States. M., 2008. pg. 23.

² Ovcharov EV Problems of administrative liability for violations of tax laws under the Tax Code (Tax Code) and the RF Code of Administrative Offences (CAO Code) // State and Law. In 2007. N 8. pg. 14.

Monitoring compliance with tax laws by taxpayers favor a central element of tax administration. This, above all, is the purpose of the tax authorities, and such a conclusion follows from the economic nature of taxes, their internal contradictions. Obligation to pay taxes to objectively determines the certainty of punishment for tax violations, and it is without appropriate controls is unlikely to be achievable. Awareness of the importance of fiscal control as manifested in the legislative definition of tax control and the development of many of the procedural aspects of the event. The most important forms of checking the correctness of calculation and timely payment of taxes and fees are the cameral and field tax audits. The market economy is developing successfully under the condition of the parallel process of strengthening civil society based on the primacy of the law. Tax administration should be aimed at balancing the interests of the state and taxpayers. Tax laws should execute themselves the tax authorities, including the conduct of audits, including the implementation of procedural and procedural rules of the tax legislation. Provided in-house control, namely in the framework of the re-inspection of taxpayers and tax audit as a form of further fiscal control over the results of the tax authorities and the pre-trial settlement of tax disputes of taxpayers with tax authorities. On the other hand, tax audit by communicating with taxpayers can organize information about the differences, highlighting the cases, the cause of which was the imperfection of the tax laws.

Implementation of control actions by the tax authorities is not possible without the organizational, methodological and methodical support of their activities. Forms of organizational and methodological support activities are: the definition of the structure and functional responsibilities (hierarchy) of the various levels of tax authorities, the development of form and content of the taxpayers reporting on tax payments, procedures for the submission, processing and verification of tax returns of taxpayers, regulating the procedure of tax payments (tax credits) and application of tax penalties, planning and forecasting of tax payments.

Tax administration as an activity authorized by government includes not only enforcement of existing tax legislation, but also to collect, analyze information, including the practice of execution procedures of tax audits and the development of measures to reform the mechanism of calculat-

ing taxes, procedures and methods of tax control¹. Quality work unit is able to identify the tax facts imperfect tax legislation to allow taxpayers to minimize their tax payments or avoid paying them, and take preventive measures to eliminate them. Thus, given the discussed aspects of the concept of tax administration, tax administration is a narrower concept than the general concept of tax administration, but wider than the tax control.

The concept of tax administration:

- Activities to monitor compliance with tax laws by taxpayers and tax authorities.
- Development of proposals to improve the mechanism izschisleniya taxes and tax control.
- Activities for the control function of the tax authorities (institutional, methodological, analytical and dr.materialy).

Tax administration must also be based on the effectiveness of the principle of construction of the tax system, namely to maximize tax revenues and fees in the budget at the lowest cost of collection and tax control. One measure of the efficiency of tax administration is to minimize the administrative costs of tax collection and compliance with tax laws, including the maintenance of the tax system. In the first phase of modern tax reform, which was a characteristic feature of the fiscal orientation, tax administration were characteristic of the same drawbacks as the entire tax system: gaps and shortcomings in the general principles of tax administration and tax administration, respectively; insufficient level of maturity of the laws governing the calculation of certain taxes; deficiencies in the management of the tax authorities, including the interaction with other state agencies and regulators.

As international experience shows, more efficient tax administration (ie the tax control) and the creation of economic incentives for the payment thereof (for example, by expanding partnerships) are the main solution to the problem of tax evasion. At the same time under the first often means tougher measures to collect taxes (an increase of administrative burden), and a second - the reduction of taxation. But in fact, evaluation of this position is not unique. Between those and other processes takes place fairly rigid cause-effect relationship. Reducing the number of taxes,

¹ Bogomolov AM Administrative offense and liable in the areas of finance, taxes and fees. M., 2004. pp. 9-12

reduced tax burden and improve the mechanism of taxation led to that the issues of tax administration (as a tax audit) have acquired a special importance in the 21st century have become paramount.

To encourage unscrupulous taxpayers to fully discharge their tax liabilities. By installing low taxes, the state has the right to demand payment thereof rigidly. Without this, the market will not be equal competitive conditions, as someone who does not pay taxes, will have an obvious advantage over the honest taxpayer. “ In this case the tax administration should be recognized as the most pronounced social sphere of administrative actions. The disadvantages of tax administration led to a sharp decrease in income taxes in the budget, increasing the likelihood of tax offenses, upset the balance of inter-budgetary relations between the federal center and regions and, eventually stir up social tension in society. Tax culture is created on the basis of mutual respect for all participants of tax relations.

Methods of interaction of the tax authorities and taxpayers can be quite varied, but enlarged, there are three main types: administrative coercion regulated alternatives, friendly partnership. The relationship between them and the extent to which they are determined by ongoing development of tax policy and quality control of the state. The methods include administrative coercion - the use of tax penalties, seizure of bank accounts, other assets of the taxpayer, etc. Based on the fact that taxes are required to pay such interim measures existed and will exist forever. Introduction to the Tax Code contributed to the spread of other types of methods of tax administration, namely the method of controlled alternatives. Taxpayers are free to choose between different options allowed by the law of the legal form of the order of reference and preparation of accounting and reporting, process performance of the obligation to pay tax, the use or non-tax incentives, etc. However, after selecting a particular behavior, it becomes mandatory for taxpayers and the source for verification by the tax authorities. In some countries, the transition is declared in the tax administration from a predominantly coercive, violent methods to cooperative relations (friendly partnership) with the taxpayers (the conclusion of agreements on the prices applicable to controlled transactions, to postpone the payment of debts, etc.). The third method is not so long ago was considered unacceptable in the Russian practice because of in-

sufficient tax administration, the state which is reflected primarily in the nature of the relationship between taxpayers and tax authorities. But laws designed to regulate transfer pricing for tax purposes include elements of agreements between the tax authorities and taxpayers. In addition to the budgets of the regions have laid the real financial opportunity for a positive response to requests for investment tax credit. Using the third method is expedient and in the case where the existing tax legislation is not adequate to determine the taxation of financial results for the complex forms of economic transactions, for innovative financial products. Integrated application of all three types of interaction techniques tax authorities and taxpayers will solve the basic quality, the fiscal problem of tax administration, and will also contribute to the formation of new relations between the state and the taxpayer. Application of the second and third methods strengthens the regulatory aspect of tax administration in relation to the economy as a whole and separate entity. The problem of tax administration in the development of market relations is in the operational response to various changes in the economic and fiscal relations. Shortfalls of tax payments to the budget system can indicate that: current tax legislation no longer meet the needs of economic development (individual industries, activities, operations, etc.) and should be reviewed and possibly changed; used methods to control the tax authorities have lost the ability to monitor emerging patterns to minimize tax payments and cover the withdrawal of taxpayers from paying taxes; increased international integration process and there was a need for coordination, not only domestic but also foreign tax authorities, taking into account the specificities of national tax laws, as well as international rules on avoidance of double taxation. An analysis of the causes of shortfall of tax payments may need to change the structure and functions of tax authorities, tax policy directions and methodological bases of taxation.

The state tax administration as the quality of the tax authorities on tax control, along with the characteristic of the tax legislation and the level of tax burden on organizations and individuals is an important criterion for evaluating the competitiveness of the national tax system. The most important conditions to improve the quality of tax administration are: improvement of the organizational structure of the tax authorities, strengthening their material and technical basis, the use of new technolo-

gies of control, including the selection of taxpayers for the on-site inspections, changing the concept of the relationship of the tax authorities and taxpayers, is at a new level of information technology support analytical work (the creation of data centers - data centers), skills development, the development of high-quality professional standards of tax officials. For the current stage of development of the tax administration system is characterized by the expansion of international cooperation of tax authorities in different countries in different forms - from one-time or periodic consultations and exchange of information about changes in tax legislation before the conclusion of long-term agreements, including those aimed at combating tax evasion.