

# Non-tax payments as a deterrent of AIC innovative development

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**Abstract.** The article covers the fiscal relations that are developing in the sphere of agro-industrial complex of Russia. In this economy sector, as in all others, non-tax payments are charged, which are not officially submitted in the Tax Code of the Russian Federation, but are obligatory for payment to various control and monitoring bodies. This legal conflict results that non-tax payments are not taken into account in the calculation of the fiscal burden of economic entities, the reason why it can increase uncontrollably, thus limiting the company's profitability. This indicator directly determines the amount of its own available financial resources, which the company can direct to reinvest in its own innovative development. In this connection, the article analyzes the normative legal field of non-tax payments and the composition of the of the Russian budget revenue register, which includes all the main non-tax payments. A selection of profile payments administered and collected from companies in the agro-industrial complex of the Russian Federation is carried out. Qualitative and quantitative indicators of non-tax payments of the agro-industrial complex of Russia in the period of 2018-2021 are studied on a sample basis. Conclusions are made regarding the presence of fiscal burden of non-tax payments being a limiting factor of investment policy in the innovative development sphere of companies of the Russian agro-industrial complex.

## 1 Introduction

The revenue part of the budget of the Russian Federation is divided into two main sections – tax and non-tax revenues. Tax revenues regulated by the Tax Code of the Russian Federation (the Tax Code) and non-tax revenues are detailed in the Budget Code of the Russian Federation (the Budget Code). Non-tax revenues consist of so-called "non-tax payments", which are assorted in their economic substance and component structure, while some of them are similar to taxes, fees and other forms of fiscal alienation.

The total amount of non-tax revenues in the register (as at 2019) is 7599, of which 167 are classified as non-tax payments according to various methods [1]. Since their levying is regulated by the budget legislation – the Budget Code of the Russian Federation), the incoming volume is not captured in the calculation of the standard fiscal burden on enterprises in the real sector of the Russian economy. This implies that the official tax

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burden is calculated and accounted by the financial authorities of the government in state and administrative purposes. It does not reflect the total volume of alienated financial resources from the real sector (including the agro-industrial complex of the Russian Federation, hereinafter AIC of RF) to the state budget. The situation is challenging, because the need to ensure their obligations for non-tax payments to the budget of the companies of the agro-industrial complex of the Russian Federation causes an increase in the volume of expenditures, a reduction in the tax base for income tax, and a reduction in the volume and net profit itself. Nevertheless, profit is a formation source of any economic entity's own financial resources. It is essential for reinvestment, which is one of the tools for stimulating the company's own innovative development.

In this study, we will analyze and assess whether and how significant such hidden fiscal pressure is due to the factor of non-tax payments on companies in the agro-industrial complex of the Russian Federation in the period of 2018-2021. Revealed number of non-tax payments in the sphere of agro-industrial complex of the Russian Federation will enable us to judge on the one hand the presence of fiscal burden, and consequently restrictions in the implementation of the company's investment policy for its own innovative development. On the other hand, it will give us an opportunity to evaluate the current state - administrative mechanisms of the tax policy of the Russian Federation in part of non-tax payments. They can be used as stimulating tools for innovative and investment development of the agro-industrial complex.

## **2 Materials and Methods**

The official register of Federal budget revenue sources for 2019, released on the website of the Ministry of Finance of the Russian Federation, is used as the basis for the informational background of the research. Notably, the register for the current year 2020 has not been issued now, as it continues to be formed and adjusted in the process of operational implementation of the state budget by revenue. The article's author has processed 7599 registry entries based on machine methods of data processing, from which the necessary ones belongs to the to the sphere of fiscal relations in the agro-industrial complex have been selected.

Besides the register for the correctness of methodological approaches, the author collected legal acts regulating relations in the field of revenue collection and cost incurrance in the agro-industrial complex. The analysis considered the order in which federal government bodies, state non-budgetary funds of the Russian Federation and state institutions under their jurisdiction, and the Central Bank of the Russian Federation, exercise the budgetary powers of head administrators of budget revenues of the budget system of the Russian Federation. For proper interpretation of departmental documents, the order of the Ministry of Finance of the Russian Federation was used on approval of forms of annexes to legal acts specified in the rules for the exercise by Federal public authorities, management bodies of state non-budgetary funds of the Russian Federation and state institutions under their jurisdiction, and by the Central Bank of the Russian Federation of the budgetary powers of chief administrators of budget revenues of the budget system of the Russian Federation. The departmental order of the Ministry of agriculture of the Russian Federation on the implementation by the Ministry of agriculture of the Russian Federation of the powers of the chief administrator (administrator) of Federal budget revenues was also taken into account.

Academic literature sources are represented by articles of Russian and foreign scientists concerning the following issues: non-tax payments codification [1], the legal nature of non-tax payments at the regional level [2], optimization of non-tax payments to reduce the company's costs in foreign economic and resource activities [3].

### 3 Results and Discussion

According to the legislation of the Russian Federation, the Ministry of Agriculture of the Russian Federation is the chief administrator of federal budget revenues. Its activities are regulated by article 160.1 of the Budget Code of the Russian Federation [4], the decree of the Government of the Russian Federation “On the order for implementation by federal public authorities (state bodies) <...> budgetary authorities of chief administrators of budget revenues of the budget system of the Russian Federation” [5], and various subordinate acts of the Ministry of Finance of the Russian Federation [6] and other establishments. As part of the aforementioned regulatory legal enactments approved by decree of the Ministry of Agriculture of the Russian Federation “On the implementation of the Ministry of Agriculture of the Russian Federation of powers of the chief administrator (administrator) revenues of the federal budget” [7], the application of which is developed and provides a list of sources of federal budget revenues, exclusively administered by the Ministry of Agriculture. This list consists of 90 different payments with a detailed legal arguments for each source, and is an exhaustive list of the department's revenue.

In analyzing the register of federal budget revenue sources in 2018-2021 in terms of departmental classification worthy of note, that the Ministry of Agriculture of the Russian Federation is actually the administrator of federal budget revenues for only 43 sources out of 7599. The main income groups will be highlighted by enlarging them, since it is impossible to present all of them in this study. We will analyze the list for the non-tax payments existence, i.e. implicit fiscal burden on AIC companies.

The most numerous group of revenue sources is duties, which include 26 payments types:

- 1) state fees for state registration and for performing other legally significant acts, charged by the subject ministry and paid to the federal budget;
- 2) patent for selective breeding results, presented in 25 different directions. The aggregate volume of revenue from collection of duties gradually increases from 28 to 36 billion rubles in the analyzed period.

The next direction is "Monetary redress", includes 5 revenue sources names. These include compensation for damages, fines, and payments for other violations of Russian law that result in an economic entity's obligations to the Ministry of Agriculture. The overall volume of this direction is negligible and at about 1 billion rubles annually.

We will distinguish separately the direction of "Monetary redress" in terms of violations by an economic entity of the terms of the agreement on the granting of budget funds for their misuse. The volume of this direction in 2018-2020 is constant and today is the largest income source, generating an average of 380 billion rubles annually.

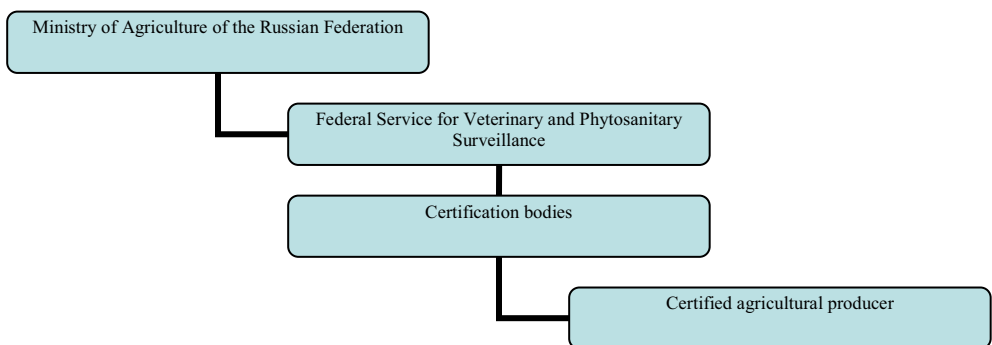
Revenues obtained to the management of financial resources and property of subordinate organizations should be included to a separate group consisting of 6 non-tax payments. The top-down chart for the article "Revenues of the commodity interventions from the federal intervention fund for agricultural products, raw materials and food" garnering the most attention, which rapidly declined in 2019 from 497.3 billion rubles to almost zero values. It is related to the fact that a year earlier, purchasing and commodity interventions were conducted on the domestic market of agricultural products, raw materials and food in order to stabilize market prices. Henceforth, the products were sold with the relevant financial effect.

“Other income from monetary redress” in the form of fines for violation of the conditions for provision of subsidies by an economic entity that is a recipient of subsidies, with the exception of cases of misuse of budget funds, is extremely uncommon. That is why the article generates no more than 0.3 billion rubles, which indicates the financial discipline of economic entities.

On the top of that, “Other non-tax revenues of the federal budget” include proceeds from compensation for losses consequent to the shortage of funds and monetary documents in the cash register, funds, securities and other valuables seized during searches and operational activities carried out by authorized bodies, the owner of which has not been determined; funds and other valuables not claimed by citizens upon release. The volume of this article is exceedingly small.

The presented list of payments of AIC companies from the register of federal budget revenues should be complemented with other charges in favor of control and control authorities in the Russian Federation. However, these payments are also nontaxable, since they are not submitted to the Tax Code of the Russian Federation. This means the possible amount of investment that could go to innovative activities of agricultural companies.

By way of illustration, the Federal Service for Veterinary and Phytosanitary Surveillance is accountable to the Ministry of Agriculture of the Russian Federation. It is authorised to conduct accreditation of certification bodies, testing laboratories that perform work in the field of verifying the quality and safety of agricultural products and parts for their production, as well as by-products of processing. Depending on the "Licensing" section of the official website of the Federal Service for Veterinary and Phytosanitary Surveillance, 435 licenses have been issued to both state and private companies of various organizational and legal forms. They are mediators between the government establishment and the certified agricultural producer, as illustrated in figure 1. Mediation involves the exercise of control and supervisory powers delegated from a state authority to a certification body. Control and supervision activities are performed for the agricultural producer on a paid basis, frequently several times as the detected violations are eliminated, which are not always impartial and justified. A certified agricultural producer is concerned in performing control and supervisory proceedings on the part of the certification body, since they offer opportunities for agricultural companies, for example, to enter the food market. Thus, for the sale of goods at the fair, the following certificates are necessary on the basis of inspections: a certificate of inspection of the farm from veterinarians; analysis for avian flu in the summer; results of analysis for cloacal infections of ten individuals of each name; a certificate of antemortem inspection According to the results of the inspection-branding of carcasses; permission for nonrecurrent trade outside the borders of your municipality.



**Fig. 1.** The structure of intersubordination of a ministry, relevant agency, certification body (an economic entity authorized to perform any control, supervisory, expert or other legally significant actions), as well as a certified agricultural producer.

Registry analysis of such certification bodies [9] has revealed that their number and powers are different, payments for services provided by them are poorly regulated by subordinate acts and are significantly watered down in the legal field of the Russian

Federation, and differ considerably in varying regions of the federation in terms of the volume and vagueness of the requirements. This is the most solid, corruptogenic field that requires systematization, which is planned by the Government of the Russian Federation within the framework of the "legal guillotine" procedure. Yet now the procedure is not fully implemented, and farmers continue to complain about the oversupply of control and supervisory requirements, expressed in non-tax payments. However, these financial resources of the AIC company might be used for its own modernization and introduction of innovations.

## 4 Conclusion

Having considered the entire list of non-tax revenues in the register of chief administrators of federal budget revenues, it can be concluded that there are no non-tax payments in the AIC field of the Russian Federation. Indeed, all the listed revenues in the register comply with the provisions of the Budgetary Code of the Russian Federation, are codified. They are taken into account according to their purpose and do not have an implicit fiscal burden on the financial condition and innovation and investment development of the AIC of the Russian Federation. And standard non-tax revenues overall have a fiscal impact on companies in the AIC sector to the level established in the legislation.

Notwithstanding, this conclusion will be casual. The practice of financial and economic activities demonstrates that some non-tax payments might not be recorded in the register. They are generally not codified, but take place in the relations between the establishment and the business entity of AIC, or between the business entities of AIC. In addition, the business entity is authorized to perform any control and supervisory, expert or other legally significant actions. This field is the most solid and requires further detailed research.

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