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TAX BURDEN AND ITS IMPACT ON THE ENTERPRISE FINANCIAL PERFORMANCE

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This article analyzes the current approaches to the concept of "tax burden" and its calculation, methods to optimize the tax burden to improve the financial results of the organization are classified.

Key words: tax burden, impact, total tax revenue, VAT, financial results

In the conditions of searching of the balance between the formation of the budgets of all levels and the preservation of the incentives of the taxpayers the definition of the optimal tax burden is one of the most important tasks of economic development of the state. The available resources at the disposal of the companies depends on how the tax system is acceptable to the taxpayer and, accordingly, the possibilities for the development of the material and technical base of the organization.

Management needs to optimize the tax burden through the depreciation policy, available tax reserves, direct and indirect costs management, proper relationships of the related enterprises group to achieve the planned financial results. In this regard, the interests of the parties are in conflict; taxpayers and state cash flows are divergent and have the different impact on the final value of the sums paid taxes and fees.

Divergent aspirations of the parties in the terms of magnitude and direction of the tax flows and the state ever-growing need for financial resources formed a high relevance of the analysis of the existing diversity of approaches to the definition of "tax burden" and its impact on the financial results of the company and to develop effective solutions to improve the linkages between the taxpayers and the state.

The significant contribution to the development of the theory of tax was made by such Russian scientists as V.A. Altshuler, D.G. Chernik, V.A. Lebedev, N. I. Turgenev, A.A. Trivus, S.Y. Witte, etc.

L.A. Anosova, A.V. Bryzgalin, E.G. Dedkova, L.V. Davydova, J.S. Fomina, I.I. Kucherov, I.A. Korostelkina, I.A. Maslov, O.P. Ovchinnikov, L.V. Sevryukova, I.N. Solovyov, O.V. Storozenko, T.Y. Sergeeva, N.R. Tupancheski, T.Y. Tkacheva, M.V. Vasilyeva, A.V. Tildikov, A.I. Zakirov, and others treated in their works the tax planning.

The significant contribution to the study of the theoretical and methodological foundations of the tax analysis and optimization was made by the following: S.V. Belousova, A.V. Bobrova, A.Z. Dadashev, A.B. Raizberg, M.V. Romanovsky, E.N. Yevstigneev, B.G. Fedorov, E.J. Zolochevskaya, etc.

The purpose of the article is to analyze the approaches to the tax burden definition based on experience and justify the necessity to optimize the taxation in order to improve the financial performance of the organization.

In developing the taxation theory the great contribution was made by the foreign authors: Adam Smith, David Ricardo, T. King, D. Keynes, A. Marshall, Milton Friedman, William Petty and others.

In the economic literature there are different approaches to the concept of the tax burden. In the Modern Dictionary of Economics the tax burden defines "as a measure, degree, the level of economic constraints posed by the allocation of funds to pay taxes, diverting them from other possible uses" [1]. According to A.V. Bryzgalina "tax burden" is an index that characterizes the role of the taxes in society and it is defined as the ratio of total tax revenue to the total national product [2]. O.V. Mandroshenko believes that the method of calculating the tax burden must have a common approach to the quantitative and qualitative assessment of the impact of mandatory payments on the financial condition of the organization and must not depend on the characteristics of the process of taxation and the tax system. He considers the tax burden as a ratio of all taxes to be transferred to the budget, the amount of revenue to the organization. In M.N. Kreynina works the tax burden amounts determined by the ratio of taxes paid to the profit retained by the company. At the same amount of the paid taxes is determined as the difference between the profits that the company would have at its disposal if it did not pay any taxes, and profits remaining at its disposal after taxes. E.A. Kirov determines the tax burden ratio as the amount of taxes and fees to be transferred to the budget to the new created value.

In the foreign literature the term "tax burden" is characterized as the total costs in the economy towards the payment of taxes covering not only the actual amount of the tax collected and tax payments, but the added organization expenses related to the calculation and payment of these taxes. These costs include the costs of additional accounting, which is carried out to pay taxes as well as additional costs accounting scheme on tax evasion.

Currently, in the Russian Federation a common methodology for calculating the tax burden organizations is not developed. In the economic literature and in practice the authors use different methods of its determination. The difference between them is defined as taxes included in the calculation of the tax burden as well as in determining the integral index which correlates with the amount of taxes.

For example, the method of calculating the tax burden by M.N. Kreynina ignores the indirect taxes (VAT, excise duties, etc.), because they do not depend on profit. To estimate the tax burden on VAT and excise duties it offers them to correlate with accounts payable or the balance sheet and the amount of taxes - the sources of payment. M.I. Litvin, includes in the total amount of taxes paid all taxes - direct and indirect: VAT, excise tax, personal income, etc. In general, one can group methodology for determining the tax burden of the taxpayer on the basis that they reduce to the calculation of the overall performance (FTS technique, method by A. Kadushin and N. Mikhailova, E.A. Kirov) or public and private (M.I. Lytvyn, E.S. Vylkovoy) [5].

The taxpayers often use the method proposed by the Ministry of Finance or modify it to the economic features of the activity i.e. choose its own method. Ministry of Finance and the Federal Tax Service calculate tax burden on industry as the ratio of the amount of taxes paid according to the reporting of tax authorities and turnover (revenue) organizations according to the Federal State Statistics Service. According to S.A. Zhernakova [9] "such procedure for calculating is incorrect, because the amount of the paid taxes is reconciled to the sales revenue determined on an accrual basis. First, when calculating sales revenue VAT

and Income Taxes are calculated. The deadline for payment of VAT and Income Tax is in accounting period: VAT is paid in the following quarter and the payment of Income Tax is paid for the year to 28 March next year. In FTS account there are taxes relating to the previous year, and there are no taxes related to the economic results of the year. And the second point is the enterprises can have tax debt. In the current year debts for previous periods which fall into the calculation of the tax burden can be repaid and the new debt on operating results of the current year shall not be included. Thus it is more appropriate to relate the amount of taxes assessed with the revenue." In spite of this, it should be noted that from the standpoint of tax planning in the calculation of the tax burden the enterprise should follow the Ministry of Finance - Tax Service procedure.

As mentioned above, the tax burden has a significant impact on the operations of the company and the formation of financial resources. Consequently, companies need to look for the legal ways to optimize tax burden. In this matter, there is no single opinion too. D.G. Chernik notes that organizations should not try to reduce certain types of tax payments and build a complete system management of the financial flows and optimize the use of taxes through tax planning techniques [3]. A.V. Bryzgalin considers the tax optimization as an organization of the company in which tax payments are reduced to a minimum on the basis of existing laws and regulations without violating tax or criminal law. [2] A.V.Tildikov also defines "tax optimization" as a work undertaken within the framework of the tax laws. [4]

Proposed by various authors the tax optimization methods are different in nature and the majority is limited in the certain segment of the tax relations and do not affect the whole complex tax problems. Among the most popular methods of the tax optimization researchers identify replacement method relations, relationship separation method, the method of the deferred tax payment, the method of reducing the object of direct taxation, the tax liability method delegation enterprise – satellite, method of accounting policy making maximum use of the opportunities provided to reduce the amount of tax payments; method of application of statutory privileges and preferences for various industries and groups of taxpayers, the method of changing the jurisdiction of the Sales department or center management decision-making enterprise in the form of the establishment of an independent legal entity or the transfer of production facilities themselves in favor of the zone of preferential tax treatment, etc. [10]

After analyzing the existing approaches to the concept of "tax burden" it can be concluded that the researchers are similar to the one in spite of the different approaches to its definition and calculation – the best way to maximize profitability of financial and economic activity and further development of the organization is the tax reducing through the finding the most efficient ways to reduce the tax liabilities.

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