

## TAX CONTROL OF BUSINESS ACTIVITY: QUALITY, QUANTITY, CULTURE

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Something like: not the Constitution, not the salmon mayonnaise, not someone tear M. E. Saltykov-Shchedrin

**Abstract:** The level of business relations in Russia progresses extremely slowly, and the informed population imposes the increased requirements to the business sphere. Ethical and cultural standards in business relations decreased because of the general decline of the role of universal values and traditional morals (first of all, among different kinds of managers).

**Keywords:** Entrepreneurship, tax control, tax audit.

### INTRODUCTION

Culture is very important when conducting tax audits. Culture promotes the growth of entrepreneurial culture in the tax control, which is very important in business. The enterprise culture is a set of principles for conducting business activities in accordance with national (public) regulatory framework, customs, traditions, norms of conduct for civilized business (Akulin 2009, p. 58). By this interpretation of entrepreneurial culture, the following factors when conducting tax control of business activity: the first was legality in implementation of tax audits; the second is the qualitative approach of the entrepreneur and the tax inspector to control; third, honesty in the exercise of commercial activities.

### MAIN PART

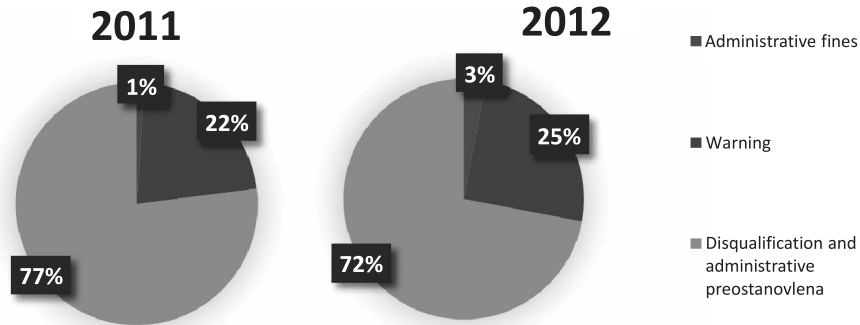
Very interesting trend revealed in the relationship between the state and entrepreneurs during the last five years. Previously, businesses could conduct any dialogue with the inspector. It sounds like the monologue of the official. Statistics of tax disputes confirms this. If earlier, the arbitration courts have considered to 85 thousand cases on taxation, by 2011 their number reached 1078 thousand cases per year, with the following dynamics (Gryaznova 2001):

- 2008 – 970 thousand cases;
- 2009 – 1409 thousand cases;
- 2010 – 1197 thousand cases;
- 2011 – 1078 thousand cases.

Dynamics of administrative penalties imposed on the results of inspections in 2011 – 2012 in Russia, represented in Figure 1.

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**Figure 1: Dynamics of administrative penalties entrepreneurs in 2011 – 2012 in Russia**

According to the ONS of the Perm region, the dynamics of the coverage of audits in the amount of funding received in the Perm region, is as follows (Gryaznova 2001):

- 2009 – 25 million rubles 23.6 million RUB;
- 2010 – 28.99 million RUB 26.8 million RUB.;
- 2011 – 30.45 million RUB 20.3 million RUB.

Dynamics of the number of inspections:

- 2009 – produced 261 test, 139 violations;
- 2010 – produced 283 inspections identified 126 violations;
- 2011 – produced 215 inspections found violations 122.

Inspections conducted by tax authorities, have become more regulated.

Trend 2012. – the decriminalization of commodity smuggling (article 188 of the criminal code), there are many criminal cases that received wide publicity, has been discontinued. Those actions. Which had formerly been regarded as smuggling, according to article 194 reclassified as non-payment of customs payments. Article 194 existed before, however, practice was rather weak. Tougher enforcement practices under article 173 of the UFPA was to firms – “something ephemeral” or the creation of companies to commit future crimes.

According to the counting Board of the Russian Federation (Russian joint venture), in 2011 conducted 370 control measures and 131 of the expert-analytical event, during which revealed violations for total amount of 718 billion rubles This fact is more perfect and high quality work of financial supervisors, competent to identify violations and effective interaction with law enforcement.

In 2011 the Prosecutor General’s office and law enforcement agencies was sent to 176 materials on the results of the control activities. According to the materials of the Russian joint venture initiated 72 criminal cases, 4 of material attached to criminal cases. In addition, filed 23 cases of administrative offences. The efforts

of the Russian joint venture has allowed the structure of Federal budget revenues in 2011 is shown in Figure 2 (Cossack 2008). Effectiveness of implementation of tax control in the entrepreneurial activity of Russia show revenues from taxes deducted to the budget of the Russian Federation. It is seen that the share of taxes from business activity in the Russian budget increased in 2012 compared to 2011. So, entrepreneurs of Russia to comply with the tax code of the Russian Federation (Federal State Statistics Service). Tax control of enterprises is more competent, but we need to improve the efficiency of tax audits in both quantitative and qualitative, culturally in entrepreneurial activities.

The urgency of solving the problem of improving the efficiency of tax control point of a lot of modern scientists-economists. However, the provisions on estimates of effectiveness of control are declarative in nature, and relate rather to the entire tax system, but not to tax control.

Under the tax in a Large economic dictionary ‘ means a system consisting of the following elements: tax authorities, tax legislation and practice of its application, the totality of taxes, fees and duties and other payments levied in the prescribed manner.

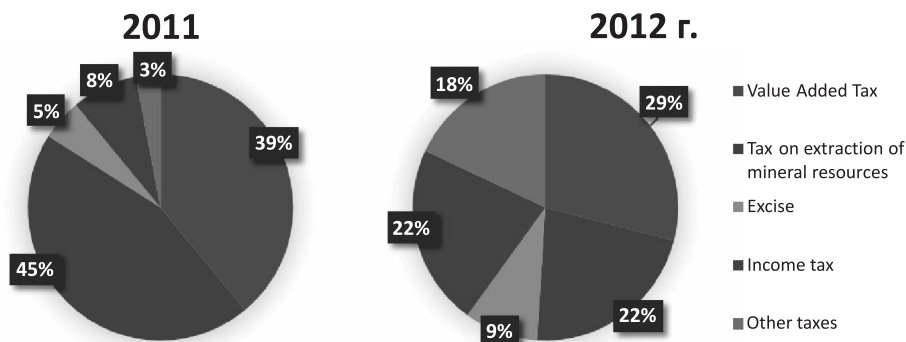


Figure 2: Structure of Federal budget revenues in 2011 – 2012

In the Economic dictionary edited by A. I. Arkhipova (Arkhipov 2010, p. 384) contains the following definition of the tax system – “a set of taxes, fees, duties and other obligatory payments to the budget, collected on the conditions determined by legislative acts.” In the Financial and credit encyclopedic dictionary edited by A. G. Griaznova tax system is defined as “a set of taxes, principles, forms and methods of their establishment, change and cancellation, payment and application of measures on their payment, realization of tax control, as well as bringing to responsibility for violations of tax laws”. Definition mostly incomplete (Balakin 2010, p. 459; Execution of revenue, n. d.).

A good definition is given by A.Y. Cossack: “the Collection of all taxes, methods and principles of their construction and the methods of calculation and

collection of taxes, tax control, established by the law” (Butorina, and Fukalova 2012, p. 652).

The efficiency of the tax system should be determined by the completeness of tax revenues to the budget, performance of all tax procedures, how effectively evaluated and used the statutory tax base, as well as costs for the maintenance of the fiscal unit.

Analysis of the reasons of increase of efficiency of tax control, needs controls, and information for taxpayers, the study of practical experience of tax inspections conducting inspections and generalization of their results, identify the grouping signs together office and field audits allowed us to establish a system of control for the current period and in dynamics for several of the analyzed periods.

We can recommend entrepreneurs to assess the performance (efficiency), more cultural, qualitative and quantitative implementation of tax control to use the following indicators:

1. absolute;
2. relative;
3. dynamic rows.

Absolute figures are presented the indices of physical volume of researched population and cost. The indicators of physical volume related qualitative indicators:

The total number of inspections;

- The number of inspections that identified violations of tax legislation;
- The number of inspections with the discovery of documents;
- The number of inspections to the seizure of documents or things;
- The number of inspections that led to the recovery of tax due to the funds held in the accounts of the taxpayer;
- The number of re-inspections;
- The number of inspections, the results of which are reviewed in administrative and judicial procedures.

Tax control is a complex process which consists of the following stages: preliminary analysis of taxpayer information; planning the audit; tax audit directly; proof of violations; determination of the impact on the taxpayer; monitoring. All six stages are analyzed.

Tax control, describes objectives, system and activities that implement the goals. The purpose of tax control is ensuring the completeness and timeliness of tax payments and receipts in budgets of all levels. For various stages of tax control are marked your goals. Purposeful system forms a set of elements underlying the achievement of goals.

Fiscal function is to provide the material conditions for state functioning, as tax revenues – the source of budget income. Through the fiscal function of the state reaches a balance between revenues and expenditures of the budget, distributes the tax income on levels of the budgetary system, implements all economic.

**Political and Social Challenges**

Educational function is bound to contribute to the formation of law-abiding taxpayers through punishment of the worst offenders of tax laws and the formation of a “positive tax stories of” honest taxpayers.

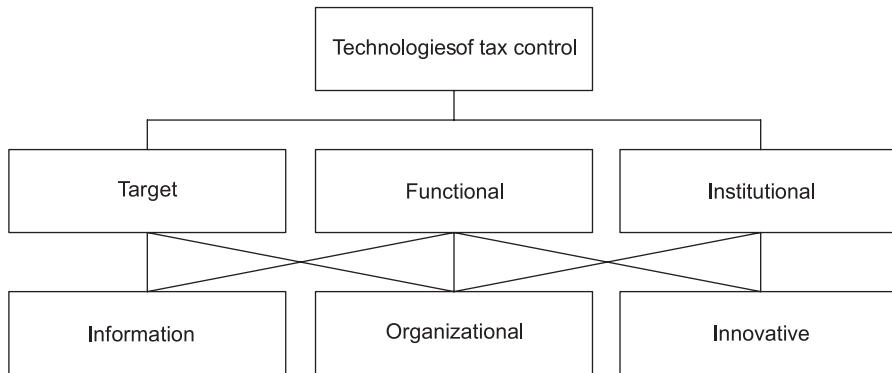
Among providing functional systems play a special role in systems of technological support, since the efficiency of taxation depends on the application of technology and related technical resources.

Achieved basic (physical) effect is a fundamental physical phenomenon in the basis of the study process.

The technology of the new control is shown in Figure 3:

- Functional technology – current tax control for onsite and offsite inspections;
- Institutional technology – based on analytical and program-management functions.

Target technologies are based on the following methods of implementation methods of selection: social and psychological; on the basis of expert systems; intuitive; direct counting; the review of comparability of data; compare data; detailed calculation of correlation and regression analysis; usage of universal software; the use of special software products.



**Figure 3: The Technologies of tax control**

In the basis of functional technologies are based on statistical modeling on the use of statistics. Statistical modeling allows to establish a causal relationship between the emergent factors and variables to determine the result taking into account the dynamics of previous periods. The test may be conducted on the basis

of statements of tax returns and the primary documents with the use of inspection, measurement, inventory.

Institutional technology based on the use of synthetic indicators to obtain on the basis of building simulation models of the various options in the effective index (Leroy 2006; Mayburov 2010; Panskov 2010).

The simulation method consists in the mathematical description of dynamic processes that reproduce the functioning of the system under study. A simulation model of tax revenues mathematically describes the dependence of the income on each type of tax as a function of its individual factors. The calculation results of the simulation model are forecasts of the expected object and structure of tax revenues for each set of values of the input factors.

An important advantage of simulation methods is the possibility of a comparative assessment of the expected tax revenues under various options of control actions by the state and under different scenarios of micro-and macroeconomic conditions of activity of taxpayers and the execution of the budget (The Tax Code of the Russian Federation; Serdyukov, et. al., 2008; Yutkina 2002).

To paraphrase a famous phrase about work, you can say: “Your business is what you did.” Indeed, to build your business is not easy, but even harder to keep it. Representatives of Federal and municipal Supervisory bodies at any moment can collapse with the next unscheduled inspection, which at best will lead to inevitable losses in the worst – the closure of the firm.

## CONCLUSION

The situation checks – this is a test of the level of professionalism, entrepreneurial culture.

How mentally stable is your firm? Can the staff keep friendly cooperating with the inspectors? How quickly the team can enter into the usual rhythm of work after the test? As shown, the team need to prepare for audits. It is useful to set the bar high with regulatory authorities and to prevent the leakage of undesirable information to the verifier.

The management company must have a General idea about the psychological peculiarities of employees. In extreme situations the normal person is characterized by three types of behavior:

1. Fever. There is a sharp decline in organization behavior, sudden loss of previously acquired skills, the movement becomes impulsive, there is restlessness, confusion, impaired logical thinking.
2. Apathy. Sudden braking action, a state of stupor, torpor.
3. Mobilization. Increased self-control, clarity, and evaluate, making appropriate responses and actions.

For the convenience of staff the head of the organization, it is desirable to ascribe the procedure during inspections, to make “verification” plan. In the plan to indicate:

- coordinates lawyer;
- the list of leaders of the organization conducting the test;
- the list of leaders of the organization that controlled entities, carrying out the audit or inspection;
- a list of instances where you can file a complaint to actions of inspectors;
- a phone list of influential individuals who can assist in a critical situation;
- instructions for the gene. Secretary for service employees, for all employees.

There is a check, the received request of the tax body on the submission of documents. However, as a rule, no one analyzes the contents of received requirements not evaluate how legitimate the demands of the tax, and if you appreciate and don't agree, you still do. Is it possible somehow to protect its activities, employees, to protect firms from such work tax?

Options for protection:

1. Unconditionally fulfill the demand of the tax authority, and to submit all claimed. documents.
2. To do nothing for this requirement.
3. Do not fulfill the requirements of the tax authority and to appeal against it in court to a higher tax authority.

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(The Tax Code of the Russian Federation; Serdyukov, et. al., 2008; Yutkina 2002)