

The Development of Taxation of Small Business in Russia in the Conditions of the Digital Economy

I.A. Zhuravleva*

Department of Taxation Policies and Customs-Tariff Regulations, Financial University under the Government of the Russian Federation, Russian

Abstract: The subject of the study of the proposed topic of the article is the tax relations arising in the process of tax regulation by states of taxation of small business in the digital economy. The relevance of small business development as one of the important categories of taxpayers plays an essential role in the formation of the revenue side of the budget, as well as in the solution of social issues in society. The novelty of scientific research lies in the fact that the problems of investing and taxing small business are based on the prospects of digitalization of the economy. The purpose of writing this research is to address the identified problems of small business taxation in the rapidly changing information and communication technologies, Internet sites, the emergence of new paradigms and business models. The problems of taxation of self-employed population in the country are touched, and directions for their solution are determined. When writing the article, general scientific methods of financial, economic, comparative analysis, analytical and systematic approach to the object of research and methodological approaches in a number of proposals were used. Problems are identified and investigated in the scientific context, and an in-depth analysis is conducted to ensure the development of small enterprises in Russia in the digital economy.

Keywords: Small business, digital economy, innovations, information and communication technologies, taxation.

1. INTRODUCTION

An important part of economic globalization is the development of the digital economy based on the use of digital technologies in the production process and trade relations. The digitalization of the economy contributes to the growth of competitiveness of various sectors provides new opportunities for the development of entrepreneurial initiatives, and in particular to small and medium businesses, opens up new channels of access to the international market and their registration in the electronic structure of the global economic chains of creation of value. The digital economy has effective new tools for addressing problems hindering the process of economic reform and development, and address topical issues in the social sphere. If we consider the challenges of the digital economy, it is, first of all, bridging the digital divide and minimizes the not positive effects to society and the process of development and the eternal search for solutions to the complex problems of regulating the Internet resources. The digital economy at its core should be built and grow on the basis of internal and external targeted investment, one can say - on a thoughtful and effective investment policy, and first of all, investments in human capital, in the form of education, its content, internal filling. At this stage, the digitalization of the economy clearly illustrates the formation of its network

infrastructure. A state with such a vector of development needs to support, to encourage companies at the level of start-ups to work with digital technology to convert to digital main rails of the economy as a whole. Information and communication technologies are one of the most important catalysts in the growth of international technological relations in production and services, which contributes to the intensification and the possible emergence of imbalances between industries within the country and international Internet technologies. The advantage may be that wider opportunities of restructuring the processes of production and distribution channels. A digital economy requires reforms in management mechanisms of commercial and industrial transactions, creates an entirely new model of conducting business both domestically and internationally. To assume the level of global economic consequences of the digitalization of the economy is now almost impossible, there is only the opportunities of development in different vector directions: online platforms (search engines, social network platform provided for the sharing economy), electronic Commerce (retail e-Commerce, other e-trade including the implementation of travel), and the companies involved in digital content (media and entertainment, information providers and data), digital solutions (electronic and digital payments, other digital solutions, the cloud), IT technologies (hardware and software), telecommunications. For the operation and profit of the above architecture for the digital economy does not require large assets and large staff, and the more companies build their business

*Address correspondence to this author at the Department of Taxation Policies and Customs-Tariff Regulations, Financial University under the Government of the Russian Federation, Russian; Tel/Fax: +79636056679; E-mail: sia.mir67@mail.ru

Table 1: A Concept of "Digital Economy" in Different Sources is Interpreted as Follows

Source	Determination of "digital economy"
Government of Australia	Global network of economic and social types of activity, that is supported due to such platforms, as internet, and also mobile and sensory networks
Oxford dictionary	Economy, that mainly functions due to digital technologies, especially electronic transactions carried out with the use of the internet
Organization of economic collaboration and development	Markets on the basis of digital technologies that facilitate trading in commodities and services by means of electronic commerce in the Internet
World Bank	System of the economic, social and cultural relations based on the use of digital of informatively-communication technologies
Great Britain	Doing business on markets leaning against the internet and/or World wide web
Magazine of "Economist"	Economy, able to give quality of informatively- communication technologies of -infrastructure and mobilize possibilities for the good of consumers, business and state

processes on the basis of the Internet, the greater the gap between income and material assets.¹

2. LITERATURE REVIEW

It is necessary to mark that a digital economy is not limited to the sector of Information and Communication Technologies and creation only of digital companies. A most economic return is given by passing to the digital processes and introduction of digital technologies within the framework of chain lets of creation of value-added in all sectors of world economy that can be used on all stages of creation of value-added: material and technical supply, production, logistic relations, service business. There is a tendency of passing to the not-requiring expensive assets productions and consumptions and alternative methods of management. Introduction of digital technologies can change character of productive trends (centralization or decentralization), international production (row of kinds or under industries of productive activity).

3. RESEARCH AND RESULTS

Digital technologies accelerate converting of economy into the economy of services that will affect positively development of small forms of companies, because exactly service business is a niche that they occupy in a greater degree, in Russia in particular.

Picture 1 shows that during two decades small business in the field of trade occupies leading position in relation to other industries. Interesting is a fact of increase of volume of commodity turnover by small enterprises for 2012-2016, volume of realization of

commodities of own and unsown production, executed works and services for examined period increased own forces on 15413 milliards of rub or 65,69 % anymore.

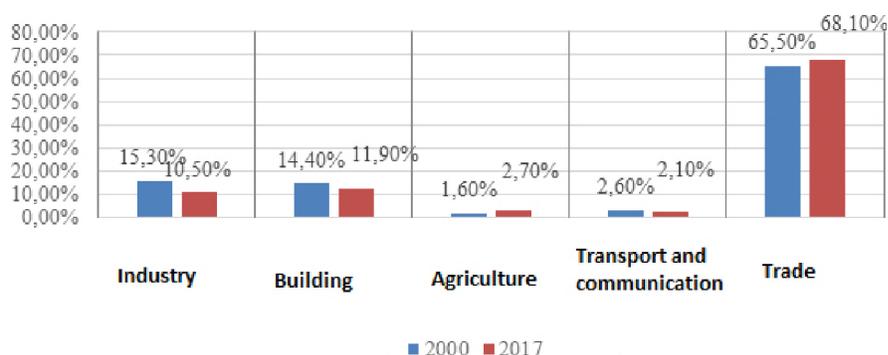
A maximal value of volume of profit yield in 2016 is on the wholesale and retail trading - 22053 milliards of rub with an increase for 5 on 58,87%. Substantial commodity turnover is on an operation with the real estate and grant of services are 4465 milliards of rub, height in the relative measuring - 84,28%, building is 4046 milliards of rub with an increase on 56,22%, processing productions are 3680 milliards of rub with an increase on 66,82%.

Transport and communication have brought revenue to small businesses in 2016 to \$ 1946 billion rubles, increasing its value in relation to 2012 by 2.2 times. In other industries had lower indices.

Further, it is necessary to note the fact that the service sector, particularly retail trade, is included in the top ten industries that had felt the effects of the development of digital economies and the restriction of direct investment, Picture 2 demonstrate this.

It is necessary to mark that in the conditions of digital economy fundamentally character of competitive activity of going changes into the market of production and consumption. Development of information technologies results in that companies force to operate in a "compression of time and space format". Globalization and information computer technology allow business coverage of large areas and the rapid overcoming of spatial barriers. Therefore, the key competitive advantages in the digital era include speed to market for new products and scalable businesses in the global namespace. In this regard, increasing the role of knowledge-intensive sectors of the economy.

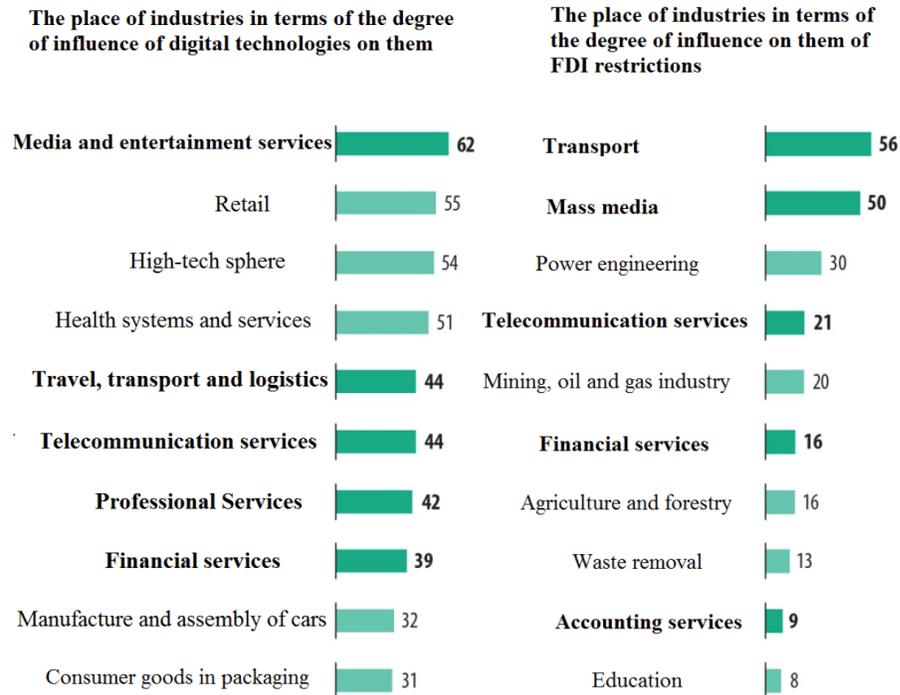
¹<http://unctad.org/en/pages/PublicationWebflyer.aspx?publicationid=1782>.



Picture 1: Dynamics of distribution of small business on industries of economy.

Table 2: Is Realization of TMU MT after 2012 - 2016, Milliard of Rubles

Name of indexes	Period					Rejections 2016 to 2012	
	2012	2013	2014	2015	2016	Absolute .-+	Relative, , %
A	1	2	3	4	5	6	7
In all	23464	24782	26392	32888	38877	15413	165,69
Agriculture, hunt and forestry	377	409	485	583	732	355	194,16
Fishing	34	37	42	51	60	26	176,47
Mining	104	108	114	133	181	77	174,04
Processing Productions	2206	2323	2459	2988	3680	1474	166,82
Production and distribution of electric power, gas and water	133	155	157	162	189	56	142,11
Building	2590	2729	2741	3324	4046	1456	156,22
Wholesaleand retail trade	13881	14480	15396	19874	22053	8172	158,87
Transportand Connection	889	1037	1098	1455	1946	1057	218,90
Operations with the real estate, lease and grant of services	2423	2599	2859	3366	4465	2042	184,28
Scientific research-and- developments	127	146	151	153	157	30	142,39
Education	10	11	13	20	24	14	240,00
Health protection and grant of social services	140	158	194	238	260	120	185,71
Grant of other building, social and personal services	236	261	284	354	422	186	178,81
Activity on organization of rest and entertainments, culture and sport	106	191	135	187	216	110	203,77



Picture 2: Ten anchorwomen of industries, feeling on itself the consequences of development of digital technologies and limitation of the direct foreign investments (percents).

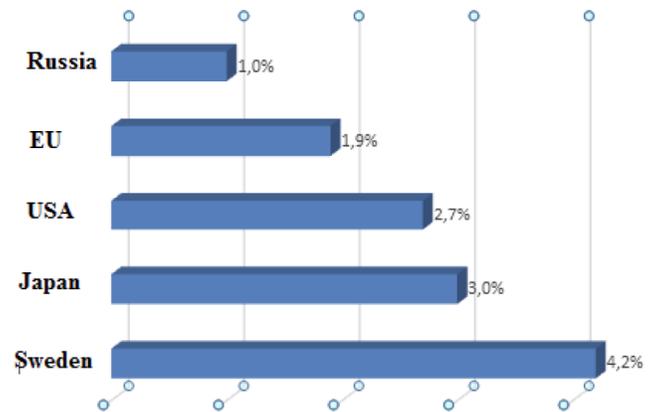
<http://unctad.org/en/pages/PublicationWebflyer.aspx?publicationid=1782>.

Sales volumes in science intensive sector of the developed world over the last two decades have grown almost 2 times faster than the industry. This led to the growth of innovation activity and, consequently, to increase the overall knowledge-intensity of the gross domestic product.

According to Picture 3, Sweden is a leader in the innovation economy with the level of science intensity of GDP more than 4.2 %. The same indicator in Japan at slightly above 3% in the U.S. and 2.7%. In the European Union countries, the research intensity of gross domestic product is about 1.9%. In Russia it fluctuates around 1%, which, despite the lag, shows the presence of innovative potential².

However, the modern situation in the Russian economy shows that in the current environment, she may lose in the global competition because of a lack of ability to transform the scientific potential market advantages. In the regard, the role of innovation drivers. By 2016 the program in the field of digital economy and development of the Internet economy adopted in fifteen different countries (including the EU, USA, Germany, Japan, China, Brazil, UK, Estonia,

Ireland, the Netherlands, Sweden, the Philippines, Singapore, Malaysia)³.



Picture 3: The level of research intensity of gross domestic product in Russia and in the world in 2015.

As world practice shows, the special rate is in accelerating the commercialization of innovation is from small businesses. According to the National science Foundation of the United States, the proportion of small businesses among high-tech companies is almost

²Ivanov Y.E. Foreign experience of innovative development of small business // is the Young scientist. №12. 2015.

³Analysis of world experience of development of industry and going near digital transformation of industry of states-members of the Eurasian economic union. Informatively analyst report. Eurasian economic commission. Department of industrial politics. Moscow, 2017.

90%. The share of small innovative enterprises in the total number of industrial enterprises in the countries of Western Europe is in Ireland, 75% in Germany, 66%, Finland 49%, France 46%, in Italy – 40%, UK – 39%. Russia in this rating, which shows low potential for development of small business, and have a negative impact on its global competitive position and growth prospects. In this regard, Russia, as the world economy, should consider small and medium enterprises as a driver of innovative development as it has significant advantages compared with large corporations.

Small business called catalyst innovations on the following factors:

- one of the main sources of the generation of innovation. For example, the U.S. small businesses produce 13 times more patents and learn twice as fast and more innovation than larger companies. They give about 50% of all innovations and the most modern technologies, which determine the profile of modern world scientific and technical progress⁴. Similar statistics are observed in the countries of the European Union.
- the connecting link in the mechanism of innovation transfer in applied sphere. Due to it is overcome the gap between research and experimental developments, as well as between experienced research, development and commercialization of the results. Big business is not interested in this, as low market appeal of this process and high risks result (Zhuravleva, 2016).
- has a flexible and responsive organizational structure for innovation, enabling fast adaptation to changes. A sharp change in demand requires a quick conversion at minimal cost, which provides a high flexibility which is inherent only in small forms. Large corporations are conservative, and the cost of permanent rearrangements critical for them.
- innovative activity of small enterprises is characterized by high efficiency. According to analysts, accounted for 20% of all successful

innovations, however, the share of R & D expenditure is less than 4-5 %. Large enterprises implemented and used less than 50% of their own inventions, and small businesses – more than 70 %. For example, according to the National science Foundation, the cost efficiency of R&D at small innovative firms in the U.S. is 4 times higher than in large corporations. Important is that the innovative small business creates innovation 1 employed 2.5 times more and introduce them to a year faster than big business, spending the funds on 75% less⁷.

- weaken the fluctuations of the market with minimal cost due to the fact that in the case of increased demand new businesses are created quickly, and in the event of a crisis, for example, old enterprises are also quickly closed.

Today the Russian innovative small businesses, there is a possibility of expedited development due to the combination of such environmental factors as globalization, economic openness and increasing public support that can enable to change the pattern of passive inaction on the part of the self-employed and the state in the direction of growth of innovation activity. And, in this situation, government support is a key factor in the development of innovative enterprises. The most effective measures taken in Russia in relation to small enterprises would:

- increase the limit values of the proceeds from the sale of goods (works, services) to 1200 million RUB for small businesses and 500 million rubles for micro businesses⁵, that would give the opportunity for more companies to enjoy the benefits provided by the tax law;
- introduction of three-year tax holiday, which would contribute to the creation of new enterprises, as the first two years are the most difficult for start-up companies;
- expansion of the list of costs in the object of taxation «income minus expenses»;
- to abolish the use of 1% of their income from the companies applying the simplified system, the negative difference between revenues and expenses;

⁴Botnik I.M., Sechenia G.I., Mixeeva N.I. The system of estimation and monitoring of innovative development of regions of Russia / of and other is the Innovative economy.2016, №9. C.48-61.

⁵Resolution of the Government of the Russian Federation from April 4, 2016 No. 265 "On limit values of proceeds from the sale of goods (works, services) for each category of subjects of small and average business".

- to provide the possibility of deducting the amounts of input value added tax if the payment was made to the accrued amount of tax.

However, in Russian practice the advantages of small business are realized only partially because of the significant barriers, chief of which is the high level of concentration of production in large companies. Vertical integration, which is characteristic for the Russian industry, is a hidden form of "monopolization" of the economy. The situation is exacerbated by the "unscrupulous".

Abroad, strategies are actively being implemented, the essence of which is that a small innovative company uses the resources and production areas of a large company to develop and enter small-scale and batch production in exchange for the transfer of rights to intellectual property. A large company, as founder, has the right to receive part of income from innovation activities. But in Russia the large companies are not interested in the scale small businesses, as they get more than 80 % of the income.

Conducting research and development requires a lot of costs and risks, and as a result small business opportunities are severely limited. In this regard, tools are needed that would allow small firms to compete with large companies. The main role in this matter both in Russia and abroad is played by state support. It is also beneficial for the state to promote the development of small business, which in the future will enable it to rely on the competitive advantages that it creates.

Of practical interest is the experience of the United States. Successful form of state support of innovative small businesses in the United States is proven popular global programs: SBIR (Small Business Innovation Research) and STTR (Small Business Technology Transfer). Financing of small business in the framework of the SBIR stands out in the early stages of the life cycle of innovative technologies and products that are crucial and the most difficult. A key link in the STTR program is the establishment of joint small businesses and nonprofit research institutions and universities. Such cooperation is a Central requirement and creates for the participants a unique development opportunity. The development of the STTR program allows you to quickly bridge the gap between basic science and applied researches and commercialization of innovations. In Russia there are organizations that finance and facilitate development of small innovative enterprises: the Russian Foundation for basic research,

Russian Foundation for technological development (IDF), Fund of assistance to development of small forms of the enterprises in scientifically - technical sphere (Fund to promote innovation).

Another innovation in Russian practice is an innovative voucher - financial document (certificate), which represents the monetary equivalent for payment of services related to support of an innovative project implemented by a small enterprise. This financial instrument allows to stimulate the innovation activity of those enterprises that do not have their own research potential, at the expense of paying for infrastructure (consulting, certification, engineering, financial) services. For the first time, "research vouchers" were developed and introduced in 1997 in the Netherlands, as a tool to promote cooperation between small enterprises and scientific organizations (Zhuravleva, 2015).

Thus, based on the development of information and communication technologies, the digital economy provides an innovative small business with the following unique features development:

- optimization of the size of enterprises (downscaling) through the development of ICT and to overcome information barriers;
- increasing accessibility to resources through the use of hardware technology parks and technology competence centers, engineering centers;
- overcoming spatial imbalances due to globalization, the virtual alignment of resource potential, creation of a unified innovative field;
- improving accessibility to intellectual capital;
- overcoming a lack of competence through the development of out-technology: outsourcing and out staffing, which are transfer functions of remote communities;
- the growth potential of small businesses for the expense of the opportunities of cooperation;
- overcoming information asymmetry and attraction on that basis, partnership and venture capital.

4. CONCLUSION

It is important to note that the trend of development of the digital economy has its positive aspects for the

development and consolidation of industries, their reorientation, expansion of the service sector, the solution of some social issues, improve production efficiency and intensity. On the other hand, the human factor comes to the surface as the realization of his unclaimed abilities (maintenance of the robots cost the companies much cheaper: wages not paid, charges on it are not produced, other social guarantees he doesn't need a lifetime as the primary means - large), this issue is becoming the scale of globalization. In countries with developed economies – this trend is the increase in unemployment and the growth of budget allocations for their maintenance. In Russia – increase of self-employed population, the growth of which the government is trying to regulate tax rules. As in many developing countries, access to digital networks is expanding much faster than their use for acceleration of digital development requires targeted investment in local digital content and services to increase demand. In turn, this involves stimulating investment in the development of small businesses through the creation and maintenance of a favorable regulatory regime, as well as due to the adoption of active support measures, which may include the creation of technological or innovative hubs and incubators; creation or improvement of e-government services serving as an example, and forming demand for local developers and

reducing the costs of doing business that make their product at the output competitive; support of venture funds and other relevant innovative financing schemes, such as crowdfunding; mandatory introduction of training and retraining.

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