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Why did the Consolidated Taxpayer Group Regime Fail?

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ABSTRACT

The object of the study is the consolidated taxpayer group regime (CTG) introduced in Russia in 2012 for the largest groups of companies in which a group of companies is treated as a single entity for tax purposes. The aim of this paper is to investigate the reasons for the decision to cancel the CTG regime starting from 2023. The method of the study is an analysis of the available official reports, scientific publications and officials' statements on the topic. We have also compared the initial objectives of the CTG regime introduction with the criteria by which the regime was further evaluated. In the paper we show that the main reasons for criticizing and abolishing the CTG regime do not correspond to the initial goals of its introduction. In the result, we found that the reasons for criticism stem from the fact that the CTG mechanism does not always allow the Russian regions to achieve predictability of their budgets and prevent them from diminishing. In prospect, this experience should be taken into account when making the decision on the future of the CTG regime to avoid a disappointment of the 'losing' regions.

Keywords: consolidated taxpayer group regime (CTG); corporate profits tax; transfer pricing; regional budgets; budget federalism

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INTRODUCTION

Consolidated taxpayer groups (CTGs) in Russia are a progressive tax administration tool that allows fiscal authorities to interact with a group of interdependent companies as a single entity for tax purposes.

A consolidated taxation regime is applied in many advanced economies. Austria, Germany, Denmark, Italy, France, and the United States allow the consolidation of profits and losses within a taxpayer group. Australia, New Zealand, the Netherlands, and Japan go further, using the principle of tax unity of the consolidated group. A number of other developed countries provide interdependent companies with certain opportunities to move either only profits (Norway, Sweden, and Finland), or only losses (Great Britain, Ireland) [1, p. 81].

Foreign practices also show that the introduction of a consolidated taxation regime is not a simple political process. For example, Australia has come a long way from the first proposals for tax consolidation in 1975 to a decisive reform in 2002 that allowed the holding of many subsidiaries to be managed as a single taxpayer. The main efforts throughout this period were aimed at developing rules that exclude the possibility of aggressive tax planning within the framework of the consolidation regime [2].

Canada in 1985 considered the possibility of introducing federal rules for the carry-forward of losses within a group of companies, similarly to the experience of the UK. However, the law was not adopted due to the resistance of the provinces, especially those losing tax revenues [3, p. 131]. This idea was discussed again in 2010–2012, but meeting objections from the regional authorities, in 2013 the Canadian government refused to introduce such mechanisms, expressing its intention to continue coordinating these plans with the provinces.¹

In 2016, the discussion (which began in 2001) about the consolidated taxation

for transnational companies within the European Union developed with renewed vigor [4]. Consolidated profits and losses of interdependent companies and distribution of the consolidated tax base between the EU member states according to the formula (in proportion to three equilibrium indicators: headcount, assets, and revenue) are assumed. This approach is expected to prevent base erosion and profit transfer (BEPS project) within the EU [5]. However, the expected redistribution of tax revenues was the main obstacle to reforms, since the countries that are profit centers (Ireland, Luxembourg, Malta, and the Netherlands) will inevitably lose part of the budget revenues [6].

By 2008, there were grounds for applying the consolidated tax institution in the Russian Federation: ten sectoral inspectorates for the largest taxpayers were created in the structure of the Federal Tax Service, and the quality of work of tax authorities with this category of payers has seriously improved, tax collection for the largest taxpayers is at a relatively high level [7]. But the practical implementation of this institution has faced problems similar to those faced by Australia, Canada, and the EU.

The CTG regime in Russia began in 2012 as an experiment in relation to a number of very large holdings, and if the mechanism was successful, it was supposed to be extended to a wider range of companies.²

Although, following the results of the first year of the CTG regime, the Ministry of Finance of the Russian Federation announced the achievement of its objectives,³ however, in

² Statement by the Deputy Minister of Finance of the Russian Federation S.D. Shatalov on December 7, 2010, at a conference on the development of the tax system in the Russian Federation, organized by the Association of European Businesses. Information is available on the official website of the Ministry of Finance of the Russian Federation. URL: https://minfin.gov.ru/ru/press-center/?id_4=31942-vyskazyvaniya_s.d._shatalova_informatsionnym_agentstvam_na_konferentsii_razvitiie_rossiiskoi_nalogovoi_sistemy (accessed on 12.05.2022).

³ “The main directions of the tax policy of the Russian Federation for 2014 and for the planning period of 2015 and 2016” (approved by the Government of the Russian Federation on May 30, 2013). URL: https://minfin.gov.ru/common/upload/library/2015/09/main/ONNP_2013-06-05.docx (accessed on 12.05.2022), and similar documents for subsequent periods. URL: https://minfin.gov.ru/ru/statistics/docs/budpol_taxpol/ (accessed on 12.05.2022).

¹ Government of Canada. Jobs, Growth and Long-Term Prosperity — Economic Plan 2013. URL: <https://www.budget.gc.ca/2013/doc/plan/budget2013-eng.pdf> (accessed on 12.05.2022).

subsequent years, the tone of the ministry's statements about this regime became more cautious. The main direction of criticism was the decline in revenues of the consolidated and some regional budgets as a result of the CTG regime. In the course of analyzing the reasons for this decline, a moratorium was announced on the creation of CTGs, as well as on the accession of new participants to the existing CTGs. During the period of the moratorium, a number of measures were introduced to prevent manipulation by enterprises in the distribution of the tax base, as well as limiting the possibility of reducing the tax base by offsetting losses. However, in the end, it was decided to eliminate the mechanism of consolidated tax: the existing agreements on the creation of CTGs will cease to be valid no later than January 1, 2023.⁴

AVAILABLE DATA LIMITATIONS

In order for the reader to understand what determines the choice of the research method underlying this article, we consider it important to make the following explanation.

The possibilities of analyzing the functioning of the CTG regime are limited by the available data, a list of which is given in *Table 1*.

Assessing the extent to which the tax base has been redistributed between the regions of Russia as a result of the introduction of CTG is not an easy task, since the size of the tax base attributable to a particular region depends on a large number of factors, in addition to the distribution formula. This problem cannot be solved with the help of data available to an independent researcher.

Firstly, the very indicator of the CTG tax base for income tax, even before its distribution among the constituent entities of the Russian Federation, is influenced by many factors, including changes in sales volumes, prices, the introduction of new tax benefits, the offset of tax losses, etc. Because of this,

the comparison, for example, of the absolute values of income tax revenues from the CTG regime to the budgets of the subjects for the period 2012–2020 without factor analysis is unpromising.

Secondly, CTGs were formed gradually — some of the existing CTGs began to operate in 2012, some in 2013, and some in 2014 (further on, a moratorium on the creation of new CTGs was announced). At the same time, there is no information on the tax base of individual CTGs, there are only aggregated data on the tax base for all CTGs. In addition, the holdings, mostly at their own discretion, included and excluded organizations from CTG that met the criteria established by law,⁵ and information about which organizations were included in the CTG in each of the tax periods is not public. Because of this, a comparison of the shares of subjects in revenues from CTG is also inconclusive. In addition, it should be taken into account that, at the initiative of the Moscow authorities, in 2012 amendments were adopted to the legislation on taxes and fees for CTGs formed by the Gazprom holding, which established a 5-year transition period and did not allow the organizations' simultaneous redistribution of income tax revenues paid by OAO Gazprom from the budget of Moscow to the budgets of other regions where the assets and employees of the respective consolidated group are concentrated.

Ideally, it would be necessary to evaluate the contribution of each of the CTGs to the tax base of each specific region, since they can be multidirectional. At the same time, it is necessary to compare the change in the tax bases of the CTG regime and their distribution across the regions of Russia with and without consolidation. However, such calculations can only be made by the taxpayers themselves or by the Federal Tax Service on the basis of data provided by the taxpayers.

In view of these limitations, we choose a research method in the form of analysis

⁴ P. 3 Art. 3 of the Federal Law "On Amendments to Parts One and Two of the Tax Code of the Russian Federation" dated August 3, 2018, No. 302-FZ.

⁵ At the same time, the Federal Law of November 24, 2014, No. 366-FZ, and the Federal Law of November 28, 2015, No. 325-FZ introduced restrictions that prevent the arbitrary formation of CTG.

Table 1

Main sources of information on the activity of consolidated tax groups

Source	Data description
The main directions of the tax policy of the Russian Federation	Contain a very brief assessment of the effectiveness of the CTG regime, and only for the period 2012–2014. There is not enough data to draw independent conclusions even for the available period
Reports of the Accounts Chamber of the Russian Federation	The publicly available report contains information for 2012–2013 only. Press release and transcript of the presentation of the 2012–2016 result report contain episodic information
Statistical tax reporting forms No. 5-KGN (CTG)	Available for 2012–2019, as well as 9 months of 2020 Contain aggregated data on the accrual of income tax on CTG

Source: compiled by the authors.

and criticism of sources, which will allow us to answer the question posed in the title of the article using the available data. We use aggregated CTG income tax assessments to calculate the volatility of the regional tax base.

AIM, HYPOTHESIS AND METHOD OF THE RESEARCH

The aim of this study is to test the validity of the decision to cancel the CTG regime, which is as follows:

1) determine the criteria for evaluating the effectiveness of the functioning of the CTG institution in official documents and scientific literature;

2) show how these criteria have changed from the moment the CTG regime was introduced until the decision to abolish this instrument;

3) check the validity of the estimates in the publications under consideration in terms of the analysis method used in them and the sufficiency of the data used.

The hypothesis of the study is that the main points of criticism of the consolidated tax mechanism, on which the decision to abolish the CTG regime is based, do not correspond to the CTG objectives when it was introduced. In particular, one of the goals of the introduction of the CTG regime, i.e. instant set-off of losses between its participants, began to be considered as the main reason for criticism.

The research method consists of the analysis and comparison of various sources of information on this issue close to the introduction of the CTG regime and during its functioning. Such sources of information include scientific publications, bills with accompanying documentation, statements by authorized officials, official reports (Main Directions of Tax Policy (ONNP), Reports of the Accounts Chamber of the Russian Federation), and minutes of public discussions in government bodies, in the public domain.

THE CTG GOALS

To determine the initial objectives that were set for the CTG regime, we analyzed the following documents and other sources of information:

1) an explanatory note to the draft law No. 392729–5,⁶ which was supposed to introduce the CTG institution;

2) conclusion of the State Duma Committee on Budget and Taxes on the draft Federal Law No. 392729–5;

3) statements of authorized persons;

⁶ Draft Law No. 392729–5 (archived) “On Amendments to Parts One and Two of the Tax Code of the Russian Federation in Connection with the Creation of a Consolidated Taxpayer Groups.” URL: <https://sozd.duma.gov.ru/bill/392729-5> (accessed on 12.05.2022).

4) ONNP 2012–2016;⁷

5) a report of the Accounts Chamber on the results of the functioning of the CTG regime for 2012–2013;

6) press release of the Accounts Chamber on the results of the CTG activities for 2012–2016;⁸

7) a transcript of the meeting in the Federation Council on the topic “Results of the application of the institution of CTG for the period 2012–2017.” December 12, 2017.⁹

Based on the results of a comprehensive analysis of these sources, it can be concluded that the following objectives were set for the CTG Institute.

Objective 1. Fair distribution of income tax among the constituent entities of the Russian Federation, in particular, the redistribution of profits from Moscow and St. Petersburg to regions where there are personnel and fixed assets of CTGs.

Objective 2. Summation of financial results between CTG participants, which provided instant compensation for losses.

Objective 3. Simplification of tax administration.

Objective 4. Exclusion from transfer pricing (TP) control of transactions between members of CTG.

Deputy Minister of Finance of the Russian Federation in 2000–2015 S. D. Shatalov explains in an interview that the objective of a fair distribution of income tax among the constituent entities of the Russian Federation is a priority from the point of view of the state: “In Russia, the income tax is arranged in such a way that almost nothing goes to the federal budget; this tax is actually regional, although it is federal. Accordingly, the budget into

which this tax is paid is extremely important. Due to transfer pricing, the center of profit easily moves both within Russia and abroad. If it moves within a country, problems arise such as loss trading, where organizations agree on which of them will have a larger loss and which will have a smaller one. There are other possibilities as well. For example, it is very convenient for me to pay taxes to my beloved governor, because this beloved governor will give me other benefits, up to budget support, on occasion. We have come across this many times. Tax laws should not encourage such examples”.¹⁰

The same idea is largely repeated in ONNP-2016: “... if before the CTG regime, the individual constituent parts of the holding could more arbitrarily pay income tax to the budgets of the constituent entities of the Russian Federation (using transfer pricing mechanisms), then after the formation of the group [CTG], the distribution of tax payments for income tax is determined by the legislation on taxes and fees, ... in proportion to the share of the number [of personnel] located in the region (payroll budget) and the value of fixed assets in general group indicators”.

Auditor of the Accounts Chamber of the Russian Federation S. I. Shtogrin also explained in the framework of the round table in the Federation Council that the main goal of the CTG is a more equitable distribution of profits, so that it goes from the main profit centers — Moscow and St. Petersburg — to the regions in which it is generated.¹¹ The share of Moscow was 29.1% in 2010 and 29.4% in 2011. The share of St. Petersburg was 6.6% in 2010 and 5.7% in 2011. In other words, the two subjects received 35, 1% of all profits received by all organizations in Russia.

The explanatory note to the draft law also states that, since the CTG regime is a new

⁷ ONNP-2012 refers to the document “The main directions of the tax policy of the Russian Federation for 2012 and the planned periods of 2013–2014.” etc.

⁸ The creation of a consolidated taxpayer group regime has led to a significant reduction in corporate profit tax receipts. URL: <https://ach.gov.ru/news/sozдание-konsolidirovannyh-gruppalogoplatelshikov-privelo-k-znachitelnomu-snizheniyu-postupleniya-32238> (accessed on 12.05.2022).

⁹ Transcript of the round table meeting on the topic “Results of the application of the institution of CTG for the period 2012–2017”. URL: http://council.gov.ru/media/files/UZUY_2ZKXh50iJwPeQ5x9Q3PS_5hq9H3qz.pdf (accessed on 12.05.2022).

¹⁰ Statements by S.D. Shatalov to news agencies in the State Duma of Russia. The Ministry of Finance opposes the exclusion of domestic transactions from the control system when determining prices for taxation. RBC. 16.02.2010, Moscow. URL: https://minfin.gov.ru/ru/press-center/?id_4=31726 (accessed on 12.05.2022).

¹¹ Transcript of the meeting in the Federation Council on the topic “Results of the application of the CTG institution for the period 2012–2017” dated December 12, 2017.

object of administration for the tax authorities, at the first stage it is proposed to limit the circle of organizations that may be part of it.

PUBLICATIONS CONFIRMING THE ACHIEVEMENT OF THE OBJECTIVES

Evaluation of the CTG functioning in official reports

Based on the results of the analysis of the CTG activities for 2012, ONNP-2014 concluded about “the achievement of the goal set during their [*consolidated groups*] introduction — the economically justified distribution of corporate income tax among the constituent entities of the Russian Federation in proportion to the production base (the value of fixed assets) and the number of employees. Since the main losses fell on such profit centers as Moscow and St. Petersburg, and most regions won (in 2012, income in 65 out of 83 subjects),¹² the new distribution of corporate profit tax between regional budgets turned out to be more even. The ONNP-2015 indicates that 74.0% of the decrease in revenues in 2013 (47.2 billion rubles) falls on 4 constituent entities of the Russian Federation. In turn, the budgets of 63 regions received an increase in revenues in the same amount (47.4 billion rubles).

An analysis of the first results of the CTG functioning by the Accounts Chamber of the Russian Federation is presented in the report for the period 2012–2013. Although the report notes that two years is not enough time to conduct a comprehensive analysis of the impact of CTG on the budget revenues of the Russian Federation and the national economy as a whole, nevertheless, it draws conclusions about the achievement of these two out of three objectives (the issue of simplifying administration is not considered in the report).

Firstly, the existence of a consolidation mechanism allowed members of CTG to exercise the right to net profits and losses

within the group. Secondly, more equitable redistribution of income tax has been carried out from the entities that are “profit centers” to the regions where the main production is concentrated. At the same time, the report notes that a number of constituent entities of the Russian Federation, in which the budgetary security does not exceed the average Russian level (Belgorod, Volgograd, Nizhny Novgorod, Samara and Perm regions, the Republic of Karelia), need targeted financial assistance due to the impact of the CTG activities.

Evaluation of the CTG functioning in the scientific literature

Evaluation of the CTG functioning in the scientific literature

In the scientific literature, after the CTG introduction in 2012, a number of works dwell on the advantages of the consolidated tax mechanism for business, tax authorities, regional budgets, and the economy as a whole referring to the disadvantages only the insufficiently widespread use of the mechanism¹³ [8–10].

N. A. Kondrashova notes that the CTG regime allows large companies to avoid problems with controlled transactions, which is important for modern business, which is characterized by a holding structure [11].

Given the situation in the Irkutsk region, E. O. Gorbatenko concludes that the need to create a CTG mechanism is associated with the consolidation of national holdings absorbing regional enterprises [12]. M. A. Evnevich concludes that the CTG institution stimulates the registration of groups of companies, contributing to a more perfect tax control of such associations by the state [13].

According to the article by D. A. Babenko, the CTG introduction contributes to increasing

¹² We are not talking about an absolute increase or decrease in income from profit tax for the group as a whole — the calculations show how much the income of regional budgets would change if each specific participant was not included in CTG.

¹³ High entry thresholds, which cut off a significant part of the business from CTG, were sometimes seen as an unfair advantage for large companies. Some saw the disadvantage that the consolidation only applies to income tax, not including VAT and property taxes. It was impossible not to notice that the consolidation of profits and losses led to the loss of part of budget revenues, but it is clear that it is impossible to reduce the tax burden without losses to the budget.

Table 2

The assessment of tax consolidation goals in scientific literature and official reports

Goals of the CTG regime	Positive appraisal	Critical appraisal
Goals of the CTG regime before its introduction		
Objective 1 – fair distribution of income tax among the constituent entities of the Russian Federation	Bill, 2011; ONNP-2014; ONNP-2016; Babenko, 2014b; Vitvitskaya, 2015; Bannova et al., 2016; Nikitin et al., 2016; Accounts Chamber, 2014; Kondrashova, 2013; Konovalova, 2016	Grinkevich, 2015; Nikitin et al., 2016; SF, 2017; Accounts Chamber, 2018; Ilyin, Povarova, 2019
Objective 2 – instant set-off of losses between the CTG participants	ONNP-2008; Kireeva, 2008; Kizimov and Shegurova, 2009; Bill, 2011; ONNP-2014; Babenko, 2014b; Vitvitskaya, 2015; Grinkevich, 2015; Bannova et al., 2016; Kondratieva and Shalneva, 2016; Kondrashova, 2013; ONNP-2015; Leontieva and Zaugarova, 2014; Malis, Grundel, 2015; Shatalov, 2015; Nikitin et al., 2016; ONNP-2016; Gorbatenko, 2015; Konovalova, 2016	Not found
Objective 3 – simplified tax administration		
Objective 4 – exclusion from the TP control perimeter of transactions between CTG participants		
Other goals		
	Achieved	Failed
The principle of tax neutrality	Kizimov and Shegurova, 2009; Kondratieva, Shalneva, 2016	–
Competitiveness of business at the global level	Babenko, 2014a; Grinkevich, 2015	–
Consolidated budget revenue stability	–	ONNP-2015; Malis, Grundel, 2015; SF, 2017; Accounts Chamber, 2018; Ilyin, Povarova, 2019
Predictability of corporate profit tax revenues to regional budgets	–	ONNP-2015; ONNP-2016; Leontieva and Zaugarova, 2014; Nikitin et al., 2016; Accounts Chamber, 2014; Malis, Grundel, 2015; Konovalova, 2016; Ilyin, Povarova, 2019

Source: compiled by the authors.

the competitiveness of large holdings at the international level and increases the investment attractiveness of the country as a whole [14].

Analyzing the first results of the CTG functioning (for 2012–2013) both from the point of view of business and from the point

of view of the budget, D.A. Babenko comes to the conclusion that the applied mechanism for the distribution of tax revenues between the constituent entities of the Russian Federation better reflects the real contribution of each region to the growth of national income, stimulates regional authorities to increase

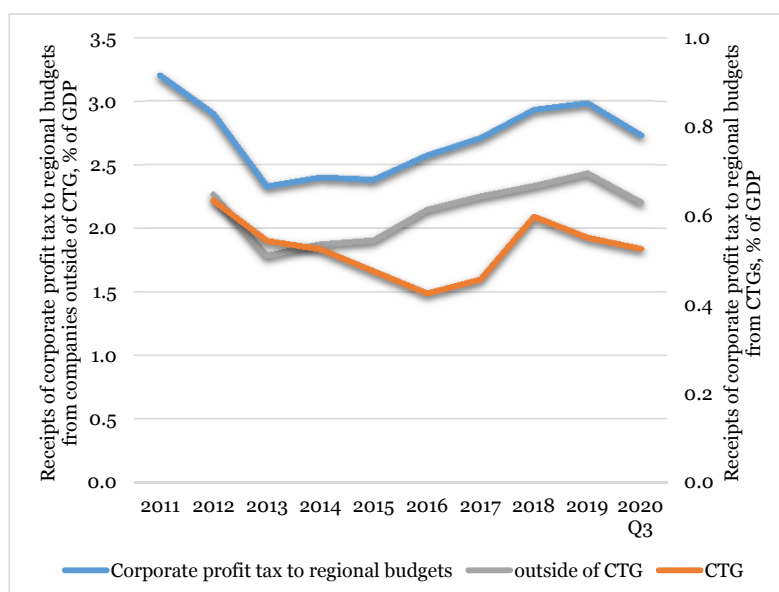


Fig. 1. Receipts of profits tax by regional budgets from consolidated groups and other taxpayers in 2009–2019

Source: authors' calculations based on data of Federal Tax Service.

their investment attractiveness, and is also more resistant to possible manipulations aimed at shifting the tax base [15].

Unfortunately, these works are not supported by sufficient empirical analysis. The authors base their conclusions on theoretical considerations based on the international experience of consolidated taxation and those expected results of the CTG functioning, which were formulated in official documents.

CHANGING THE EVALUATION CRITERIA OF THE CTG REGIME AS A BASIS FOR ITS CRITICISM

None of the publications we analyzed (see Table 2) concluded that any of the objectives 2–4 is not achieved or is not sufficiently achieved. The objectives to control transfer pricing, simplify administration or create preferences for large businesses do not cause any complaints.

At the same time, the literature gives a different assessment of the first objective – a fair distribution of income tax among the constituent entities of the Russian Federation. If initially, scientific articles supported the official position on the fairness of such a measure, then, starting from 2015, when ONNP-2016 appeared, this distribution

mechanism has now been criticized in a number of works.

L. S. Grinkevich speaks of a conflict of interest “between individual subjects of the Russian Federation due to the lack of a scientifically based and fair mechanism for the redistribution of income tax” within the framework of CTG [16, p. 41]. K.M. Nikitin et al. explain that the formula for the distribution of the tax base, similar to that used for companies with separate divisions, reflects ideas about the factors of value creation that are inadequate to the realities of the 21st century and is a choice “in favor of the simplicity of the solution to the detriment of its validity” [17, p. 39]. However, the authors consider the distribution by production factors to be more equitable than by the financial result.

At the same time, statements that “compensation from the federal budget for the revenues of the regional budgets that fall as a result of the CTG regime” is needed [18, p. 80], should be regarded as an implicit statement that the previous distribution of the holding's tax base according to the financial results of its subsidiaries in the regions was more preferable.

In addition, in later sources, two new objectives are set for the CTG regime.

The first is the stability of budget revenues. The distribution of income tax within the framework of the CTG regime was initially positioned as more equitable since it was supposed to provide the regions with a large share of tax revenues from well-known profit centers — Moscow and St. Petersburg. Apparently, it was assumed that the rest of the regions would benefit not only relatively, but absolutely, i.e. will receive an increase in budget revenues. Although it is impossible to maintain the income of the consolidated budget at the same level, subject to the achievement of objective 2 (reducing the tax burden on business by adding profits and losses among CTG members), however, a compromise between these requirements is possible if the shortfall (due to the consolidation of profits and losses) incomes turn out to be small, and the effect of the redistribution of the CTG tax base compensates for the majority of regions for losses due to profit centers.

The second is to ensure the predictability of income tax revenues to the budgets of the subjects. If individual regions lose tax revenues due to the CTG activities, they still have the opportunity to save the regional budget through subsidies from the federal one. To do this, they need to correctly predict the magnitude of the decrease in tax revenues.

Both of these objectives are affected by factors such as intra-group *offsetting of profits and losses*, as well as the possibility of taxpayers manipulating *the distribution of the tax base* of the CTG. In addition, the predictability of tax revenues to the regional budget is difficult due to *the lack of data available* to the regional financial authorities.

Let's look at each of these problems in more detail.

LOSS OF INCOME DUE TO CONSOLIDATION OF PROFIT AND LOSSES

Before the introduction of the CTG regime A. S. Kizimov and T. A. Shegurova noted that “the introduction of the consolidation regime leads to a significant decrease in tax revenues,” the compensation of which may require an increase in tax rates [19].

Many officials express concern about the decrease in tax revenues from CTGs. *Figure 1* shows that after 2015, the dynamics of income tax receipts from CTGs noticeably lag behind corporate profit tax receipts.

S. I. Shtogrin noted that the decrease or increase in the tax revenues of the constituent entities of the Russian Federation on income tax from CTG is affected not only by the institution itself but also by the economic performance of companies: a decrease in taxpayers' revenues, a decrease in prices in the foreign market, etc.¹⁴

The Ministry of Finance of the Russian Federation calculated the shortfall in the income of the constituent entities of the Russian Federation directly from the functioning of the CTG institution. ONNP-2016 explains the shortfall in income, firstly, by adding up profits and losses within the framework of the CTG regime, and also by the fact that “the tax base is often redistributed to the constituent entities of the Russian Federation, where lower income tax rates are established”.¹⁵ However, the report does not provide a quantitative assessment of the impact of these factors.

The second report of the Accounts Chamber on the results of the activities of the CTG for 2012–2016,¹⁶ noted that the amount of shortfalls in revenues of the regional budgets of the Russian Federation due to the consolidation of profits and losses within the framework of the CTG for the period 2012–2016 amounted to 8, 16, 65, 126 and 78 billion rubles in each year, respectively.¹⁷

Based on the analysis of the shortfall in income from CTG at the level of the subjects of the Russian Federation, regional legislation, and official reporting of the subjects of the

¹⁴ Transcript of the round table meeting on the topic “Results of the application of the CTG institution for the period 2012–2017” December 12, 2017.

¹⁵ Draft Guidelines for the Budget Policy for 2016 and for the planning period of 2017 and 2018. URL: https://minfin.gov.ru/common/upload/library/2015/07/main/Proekt_ONBP_2016-18.pdf (accessed on 12.05.2022).

¹⁶ Published only as a press release. The full text of the report is not in the public domain.

¹⁷ Transcript of the round table meeting on the topic “Results of the application of the CTG institution for the period 2012–2017” December 12, 2017, p. 5.

Russian Federation, N. S. Kostrykina and A. V. Korytin [20] give an upper estimate of the amount of annual budget losses from the competition of the constituent entities of the Russian Federation for the CTG tax base. According to their calculations, they do not exceed 10 billion rubles, which is not critical for the consolidated budget. The paper also shows that the amount of shortfall in income tax (from all companies) due to the reduction in the rate by region fluctuates around 0.09% of GDP both before and after the introduction of the CTG regime. From this, a logical conclusion is made that the remaining losses are associated with loss compensation [20].

It should be noted that the offset of losses was initially positioned as one of the objectives of the CTG (Objective 2), and, as noted above, there is a contradiction between the objective not to reduce the income of the consolidated budget and Objective 2.

It can be assumed that the Ministry of Finance of the Russian Federation still had an idea of the permissible amount of shortfall in the income of the consolidated budget due to intra-group offsetting of losses, despite the fact that it was not announced when the CTG regime was introduced. Guided by this idea, the Ministry of Finance of the Russian Federation considered it appropriate to introduce temporary restrictions, in connection with which the CTGs can offset the losses of their unprofitable organizations in an amount not exceeding 50% of the profits of profitable participants.¹⁸

Thus, the problem of reducing tax revenues through the consolidation of profits and losses is partially solved in such a way that it returns the need to take into account the financial results of individual enterprises, while there are other approaches that are more appropriate within the framework of the concept of a consolidated taxpayer, for example, the use of increased tax rates on income for CTG participants or the abolition of the use of other tax benefits.

¹⁸ Paragraph 1 of Art. 278.1 of the Tax Code of the Russian Federation as amended by Federal Law No. 401-FZ dated November 30, 2016.

LACK OF INFORMATION ABOUT THE CTG ACTIVITIES

A number of publications point to the lack of information on the CTG activities, which is necessary for the regional tax authorities to make an adequate forecast of tax revenues and, in case of their lack, to request advising subsidies from the federal budget.

The ONNP-2015 states that “the current CTG regime has led to difficulties in forecasting budget revenues at the level of an individual subject of the Russian Federation”.

Based on these forms of tax reporting 5-KGNM for 2012–2013 N. I. Malis and L. P. Grundel conclude that the complexity of forecasting income from CTG at the regional level is a significant drawback, to eliminate which they propose “to establish the procedure for disclosing information on the profit and loss of each CTG participant” [21].

T. V. Konovalova brings clarity to the question of why the regional authorities are reporting difficulties in forecasting tax revenues from CTG. The only available reporting form 5-KGNM does not disclose what constitutes the taxable income of CTG and its share attributable to the region. As a result, regional authorities cannot even understand the reason for the decline in tax revenues [22].

The report of the Accounts Chamber for 2012–2013 stated that the regional tax authorities do not have sufficient data for an independent reliable calculation of the impact of the formation of CTG on the receipt of payments to the budget, since the law does not establish special requirements for the CTG administration during the period of tax audits. Information about the tax base that would have been formed in the absence of CTG is provided by the responsible CTG participants at the request of the central office of the Federal Tax Service of Russia on a voluntary basis and, in fact, is an expert assessment.

The lack of information necessary for the constituent entities of the Russian Federation to predict income tax was also noted in the

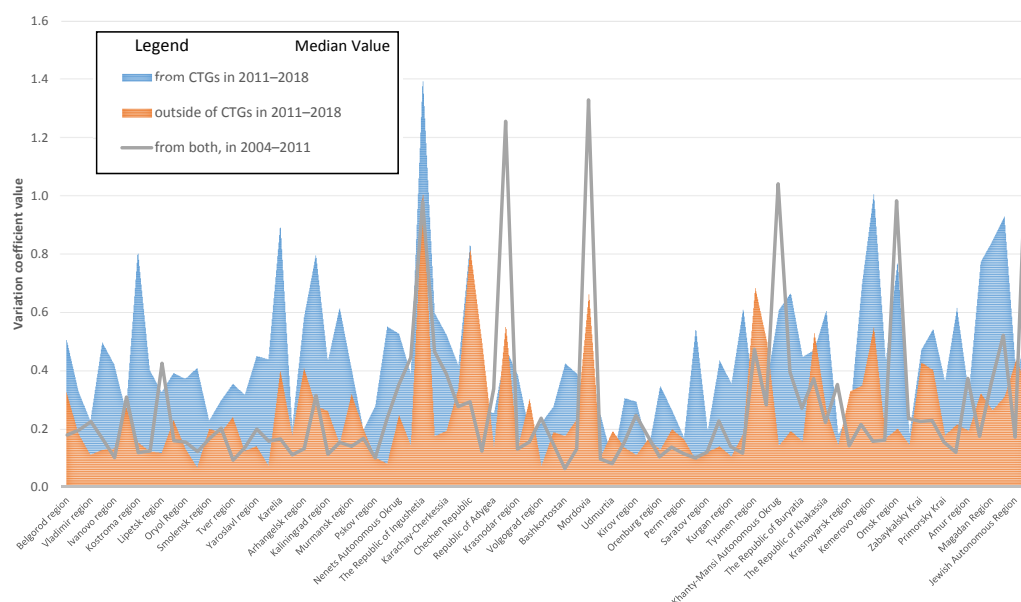


Fig. 2. Variation coefficients of profit tax base for CTGs and organizations beyond CTG in 2011–2018 compared with the profit tax revenue variation from all organization in 2004–2011, by federal subjects

Source: compiled by the authors with data from Federal Tax Service and Federal State Statistics Service.

Federation Council.¹⁹ Considering that one of the main responsibilities of the subject may be to ensure the growth of tax revenues, limiting the availability of information resources can lead to problems in achieving this indicator.

As part of the ONNP-2016, the Ministry of Finance formulated provisions that allow the authorities of the constituent entities of the Russian Federation to obtain additional information from the tax reporting of CTG participants.

At the moment, the responsible CTG member is obliged to submit to the tax authority at the place of its registration information on the projected revenues from CTG for corporate profit tax to the budgets of the constituent entities of the Russian Federation in the current financial year, for the next financial year and planning period and on the factors affecting the planned receipts of corporate income tax.²⁰

¹⁹ In particular, this opinion was expressed by representatives of the Belgorod and Kursk regions, the Krasnoyarsk Territory, the Komi Republic, and the Chairman of the Federation Council Committee on Budget and Financial Markets. Transcript of the round table meeting on the topic “Results of the application of the CTG institution for the period 2012–2017” December 12, 2017.

²⁰ Federal Law No. 302-FZ dated August 3, 2018, subparagraph 9, paragraph 3, art. 25.5.

Let us analyze the volatility of the regional base for corporate income tax after the CTG introduction. As indicators of variability from CTG and enterprises outside CTG, we use the coefficient of variation calculated as

$$v(b) = \frac{\sigma(b)}{\mu(b)}, \text{ where } \sigma(b) - \text{the standard deviation of the series } b, \mu(b) - \text{the average value of the series } b.$$

deviation of the series b , $\mu(b)$ — the average value of the series b .

To be able to compare the value of the tax base for different periods of time, regardless of economic fluctuations and inflation, we take b_i as the ratio of TB_i — the tax base of the i -th region to GDP — Russia’s GDP for each year from 2004 to 2018. Then we calculate the variation of this indicator for each subject of the Russian Federation for the period 2004–2011,²¹ according to forms 1-NM.

$$b_i = \frac{TB_i}{GDP}.$$

For 2012–2018, we will also calculate, using the data of the 5-PM and 5-KGN forms, the spread of the corresponding indicators for the tax base of the CTG and

²¹ From a series of 2004–2011 2009 is excluded due to particularly strong crisis phenomena in the Russian economy, especially affecting the profits of companies.

enterprises that are not included in the CTG, and compare them.

Fig. 2 shows the result obtained. It shows that the variation in the CTG tax base (median value — 0.40) significantly exceeds the variation in the tax base of enterprises that are not included in CTG (median value — 0.19) in almost all regions of Russia. In our opinion, this is due to the predominance of CTGs in the commodity sector, whose financial indicators are tied to world commodity markets, which are characterized by high volatility. Consequently, it is more difficult for the budgetary authorities of the constituent entities of the Russian Federation to plan receipts from CTGs due to the volatility of their tax base.

At the same time, there is no noticeable difference in the variability of corporate profit tax receipts from all companies before 2012 (median value — 0.17) and after 2012 (median value — 0.16). This means that the introduction of the CTG regime in itself does not cause greater uncertainty regarding the tax revenues of the region, although it requires a completely different approach to forecasting regional budget revenues.

MANIPULATION OF THE TAX BASE DISTRIBUTION

The CTG regime has been criticized for the possibility of artificially distributing the holding's tax base among the constituent entities of the Russian Federation, including the one stimulated by the respective regions by establishing a reduced income tax rate. The manipulation became possible largely due to the arbitrary determination by the holdings of the composition of the CTG participants, as well as the arbitrary choice of the parameters of the distribution formula.²²

²² We are talking about the possibility of choosing between the indicator of the payroll budget and the average headcount. For example, the Atomenergoprom Group of Companies began to use the payroll instead of the average headcount, as a result of which the share of the Moscow budget immediately increased from 5.7% to 10.2%, Rostov — from 10% to 15%, and a number of constituent entities of the Russian Federation lost. LUKOIL switched from average headcount to payroll, as a result of which Moscow's share increased from 8.4% to 17%.

In particular, due to the problem of manipulation, in 2014, changes were made to the legislation on taxes and fees aimed at suspending the process of creating new and expanding existing CTGs in 2015. When making this decision, it was assumed that during 2015 there would be an analysis of their activities and impact on budget revenues, as well as a further strategy in relation to such groups.

J.G. Leontieva and E.V. Zaugarova proposed to limit the possibility of determining the composition of CTGs on the principle of “all or none”, identifying potential participants according to the control criterion of 50% + 1 share [23].

K.M. Nikitin and co-authors considered this problem in detail and developed a set of measures to solve it. They advocate the “all or none” principle, allowing them to be excluded if the volume of trade between dependent legal entities is extremely small. In addition, the authors believe to exclude all possibilities of manipulating the distribution of the tax base by setting strict rules for its calculation according to the existing formula [17].

V.A. Ilyin and A.I. Povarova support the introduction of strict restrictions on the determination of the CTG perimeter [18].

The subjects of the Russian Federation also made a proposal to limit the possibility of determining the composition of the CTG regime on the principle of “all or none” for organizations with a stake of 90% or more. In addition, they proposed to introduce a moratorium on the provision of corporate profit tax benefits directly by the subjects of the Russian Federation.²³

Many of the proposals considered have been implemented. As part of the ONNP-2016, the Ministry of Finance proposed a number of changes to the CTG legislation, including limiting the possibility of changing the composition of participants in consolidated

²³ As part of the proposals for the development of the CTG institute, submitted to the Ministry of Finance of the Russian Federation. Transcript of the round table meeting on the topic “Results of the application of the CTG institution for the period 2012–2017”, p. 6–7.

groups. The distribution formula indicators are now not subject to change during the entire term of the agreement on the creation of CTG.²⁴ In addition, the subjects of the Russian Federation actually lost the opportunity to reduce the regional income tax rate.²⁵

Although at the moment not all sources of manipulation in the CTG legislation have been eliminated, measures have already been taken. The experience of using this institution in other countries and the limited scale of this problem allow us to conclude that the problem of artificially shifting the base for the corporate income tax of CTG can be solved.

CRITICISM OF REDISTRIBUTION OF INCOME TAX BETWEEN REGIONS

The objective of a fair redistribution of the tax base within the CTG framework was criticized by a number of participants in the round table in the Federation Council on December 12, 2017, on the topic “Results of the application of the institution of a CTG regime in 2012–2017”.

According to the results of the second report of the Accounts Chamber presented there, in 2016 compared to 2011, the share of Moscow in profit tax (from all organizations) decreased insufficiently — from 29.4% to 25.9%, and the share of St. Petersburg did not change at all — 5.7%. This allowed the speaker (S.I. Shtogrin) to conclude that the main objective of CTG — the redistribution of profits from the two main profit centers — Moscow and St. Petersburg — has not been achieved.²⁶

²⁴ Changes were made by Federal Law No. 325-FZ dated November 28, 2015.

²⁵ From January 1, 2023, the constituent entities of the Russian Federation cannot introduce reduced rates for corporate profit tax other than those provided for by Chapter 25 of the Tax Code of the Russian Federation. The reduced rates for corporate profit tax established by the laws of the constituent entities of the Russian Federation, adopted before the date of entry into force of Federal Law No. 302-FZ of August 3, 2018, are subject to application by taxpayers until the expiration date of their validity, but no later than January 1, 2023.

²⁶ At the same time, S.I. Shtogrin explained that the high share of Moscow in 2016 was due to the fact that in 2016 Gazprom made refunds of income tax overpayments on advance payments from the budgets of other subjects. For comparison,

As a result of the round table, proposals were put forward to change the distribution formula. One of the proposals was to distribute the tax base among the subjects not only in proportion to the value of fixed assets and the number of employees but also depending on the financial result of enterprises in the region.

Based on this discussion, we can conclude that the practical implementation of the CTG regime, which allows the creation of consolidated groups at the initiative of the taxpayer, in some cases leads to a violation of the interests of the regions.

If there is a very profitable enterprise in a disadvantaged region, then the proceeds from it can account for a significant share of budget revenues (for example, Karelsky Okatysh mine, which is part of the Severstal holding, formed 50% of corporate profit tax revenues to the budget of the Republic of Karelia). The inclusion of such an enterprise in CTG will lead to the distribution of its tax base among all constituent entities of the Russian Federation where CTG is present and will exacerbate the budgetary problems of this entity (in 2016, the share of Karelsky Okatysh mine in Severstal's profit was 12.7%, at the same time, its share in the number of employees was 5.7%, in the residual value of fixed assets — 2.5%, as a result, the share of tax revenues from the enterprise to the budget of the Republic of Karelia decreased to 5–10%).²⁷ Regardless of the validity of such a redistribution, it creates objective problems by changing the system of budgetary relations between the federation and the regions.

Another problem may arise when an enterprise that brings a stable income to a certain region is included in CTG and is not one of the largest in its CTG (for example, Orenburgneft in

in 2015 the share of Gazprom Group of Companies was only 28.1%. Despite the fact that in 2015 the Gazprom Group of Companies still used a slightly different procedure for redistributing profits between the constituent entities of the Russian Federation than the rest of the Group of Companies, according to which the Moscow budget received more than with the standard distribution formula.

²⁷ Transcript of the round table meeting on the topic “Results of the application of the CTG institution for the period 2012–2017”, p. 16, 25.

Table 3

Evaluation of the results of the goal for CTG tax base reappointment from Moscow and St. Petersburg to the rest of federal subjects

No.	CTG holding company	Consolidated revenue in 2016, bln. rubles	Consolidated profit in 2016, bln. rubles	Evaluation of the result
1	Gazprom	5 966	997	Objective achieved. The share of Moscow in 2011 is 62.2%, and in 2015 ¹ – 28,1%
2	Lukoil	4 744	208	Objective achieved. The share of Moscow decreased from 19.9% in 2011 to 8.4% (17% after the group changed the average headcount indicator to the payroll)
3	Rosneft	4 134	201	Unable to assess*
4	Gazprom Neft	1 696	210	Unable to assess*
5	Surgutneftegaz	1 006	(62)	Objective not applicable**
6	X5 Retail Group	1 034	22	Information not available
7	Transneft	818	233	Information not available
8		700	93	Objective achieved. The share of Moscow decreased from 52.1% in 2011 to 5.7% (10.2% after the group changed the average headcount indicator to the payroll)
9	Atomenergoprom	580	106	Objective not applicable**
10	Tatneft	537	265	Objective achieved. The share of Moscow decreased, in 2011 it was 51.1%
11	NOVATEK	508	61	Objective not applicable**
12	NLMK	517	(13)	Information not available
13	EVRAZ	549	167	Information not available
14	Nornickel	392	102	Objective not applicable**
15	Severstal	316	26	Information not available
16	Megaphone	276	9	Unable to assess *

Note: * zero tax base, ** no tax base concentration in Moscow and St. Petersburg, *** we give the figure for 2015 due to the fact that, according to S.I. Shtogrin, the high share of Moscow in 2016 is due to refund of overpayment on income tax on advance payments from the budgets of other organizations, made by Gazprom, however, the value of this factor is not given, which makes it impossible to determine the share of Moscow without the influence of the overpayment return rate.

Sources: Accounts Chamber, 2014; RBC-500 rating in 2016, consolidated accounts of Rosatom and Gazprom Neft; Transcript of the round table "Results of the application of the institution of a consolidated taxpayer group in 2012–2017"; authors' analysis.

the Orenburg Region, which is part of the Rosneft structure). Then the income of this region begins to depend entirely on the financial result, which is formed not in it, but somewhere outside it

(in this example, in Moscow and the regions of Northern Siberia). This radically changes the existing relations between regional authorities and business.

VALIDITY OF A NEGATIVE ASSESSMENT

According to the report of the Accounts Chamber (Accounts Chamber, 2014), a total of 17 CTGs operated in Russia, one of which worked with the responsible participant JSC RTKomm.RU for only 2 years (2012 and 2013) and was liquidated by the decision of its members.

Table 3 shows the names of the holdings that formed the remaining 16 CTGs, as well as the data contained in the report by S.I. Shtogrin, which allow assessing whether the objectives of redistributing the tax base of CTG to other entities have been achieved. In addition, we also provide the consolidated financial performance of holdings as a reference.

It is important to understand that the financial performance of the holdings and CTGs created by them are not equal due to legislative restrictions²⁸ and the decisions of the holdings themselves.²⁹ However, due to the lack of information on the financial results of individual CTGs and the perimeter of their entities, we use the consolidated financial performance of holdings formed by these CTGs. Such information provides insight into the scale of the holding and the maximum possible scale of the respective CTG.

Table 3 shows that four of the sixteen CTGs did not concentrate their tax base in Moscow and St. Petersburg, so the objective of redistributing the tax base from profit center regions to other subjects of the Russian Federation is not applicable to them.

The results of the redistribution of tax bases for three more CTGs cannot be assessed due to losses incurred in 2016 or in previous tax periods.

At the same time, the tax base of the largest CTGs formed by Gazprom, Lukoil, and Rosatom holdings has been significantly redistributed in favor of regions other than

Moscow and St. Petersburg. It is also indicative that when choosing the average headcount indicator instead of the payroll in the formula for the distribution of the tax base,³⁰ the share of other regions was even higher.

There is no information about the five remaining CTGs in the transcript. It can be assumed that these regions were not mentioned due to the lower value of their tax base in the budgets of the regions. However, when considering the consolidated financial performance of the holdings, it becomes clear that this hypothesis is valid only for the CTGs formed by the holdings Megafon, X5 Retail Group, and, possibly, EVRAZ. As for the CTGs formed by the holdings of Norilsk Nickel and especially Transneft, we would like to see the results of the redistribution of their tax base.

In any case, the information contained in the report by S.I. Shtogrin, does not allow us to conclude that the objective of the CTG regime, which is to redistribute the tax base from Moscow and St. Petersburg to other regions, has not been achieved. On the contrary, the indicators of individual CTGs show the opposite.

In addition, it was noted at the round table that thanks to CTG, oil and steel companies, which were mainly part of the CTG regime left the tolling scheme — the creation of structures that can be located in any region of the Russian Federation and make a profit on a give-and-take basis. As a result, businesses began to build real, not artificial, production chains.³¹

In addition, if during the testing period of the new institution, CTG could form groups that declared a significant part of their profits in Moscow and St. Petersburg (i.e. those for which there was an understanding that their tax base is distributed unfairly across the constituent entities of the Russian Federation), then precedents similar to Karelsky Okatysh mine and Stoilinsky GOK would not have

²⁸ For example, for an organization to become a CTG member, the share of direct or indirect participation of the parent organization in it must be at least 90%.

²⁹ Holdings arbitrarily form the CTG perimeter and may not be included in the consolidated group of organizations, although they meet the conditions for entering the CTG perimeter.

³⁰ CTGs were formed by Lukoil and Rosatom holdings.

³¹ Transcript of the round table meeting on the topic "Results of the application of the CTG institution for the period 2012–2017", p. 52–53.

happened. This is due to the fact that, as noted above, the NLMK and Severstal groups did not declare a significant share of their profits in Moscow and St. Petersburg. And the CTG formation by them led to the redistribution of profits among other, including subsidized, regions.

According to early documents and scientific publications, the CTG regime was intended to simplify the tax administration of large holdings, solving the problem of transfer pricing and the transfer of profits between the subjects. It seemed desirable to link the amount of tax revenues to the regional budget not with the amount of profit declared in the region, but with real indicators of economic activity: the cost of fixed assets and the size of the payroll budget. Preference in the form of adding up profits and losses was recognized as the goal of CTG. At the same time, a number of researchers suggested an increase in the profit tax rate as possible compensation.

According to the Deputy Minister of Finance in 2000–2015 S.D. Shatalov, “consolidation is not only economically justified but also contributes to a more equitable distribution of profit tax between regions”. However, “the new institution did not appear during a period of economic growth, ... which exacerbated issues of interbudgetary relations also due to the fact that the losses of individual members of the group reduce the total profit of the entire group and, accordingly, the amount of tax to be distributed” [24].

Thus, based on the goals of the consolidated tax regime, declared before its introduction in 2012, we arrive at the following results:

1. The consolidated taxpayer group regime is a modern instrument for taxing large holdings when branches and subsidiaries within the same business have equal tax status [25]. Simplification of administrative costs is the main source of increased economic efficiency as a result of consolidated tax [26].

2. Lowering the tax base through profit and loss consolidation is a key feature of the CTG regime. Such an effect from the introduction of consolidated taxation was expected, and certain ways were proposed to prevent a

decrease in tax revenues, for example, by raising the income tax rate.

3. The income tax base distribution formula for CTGs encourages regions to create jobs and invest in fixed assets. The new rules for participation in CTG prevent significant manipulation by businesses in the distribution of the tax base.

4. Issues of fiscal federalism, whether it be the difficulty of predicting the regional tax base and budget revenues or the reduction in income tax revenues in some subsidized regions, should be addressed separately. The provision of sufficient tax information to regional authorities to forecast revenues should be required by law.

5. The problem of subsidized regions must be solved with the help of measures of fiscal federalism. The abolition of the CTG institution will cause a new redistribution of the income tax base, which will also lead to problems for regional budgets. The losers will be those regions to which income tax was redistributed from Moscow and St. Petersburg, as well as a number of other regions that benefited from the redistribution under the current formula. In connection with the fears of the regions about the upcoming abolition of the CTG regime, the Ministry of Finance of the Russian Federation is forced to look for “how to ensure the stability of the tax base in the context of a changing income tax”.³²

CONCLUSIONS

The experience of consolidated taxpayer groups shows that changing the rules for the distribution of tax revenues in a federal state is not an easy task, requiring coordination of the interests of the federal center, businesses, and regional authorities. Initially, the objectives of the CTG institute included:

- 1) distribution of the income tax base between regions in proportion to production assets, and not to profit;

³² The Federation Council hosted an “Open Dialogue” with the participation of the Minister of Finance of the Russian Federation. URL: <http://council.gov.ru/events/chairman/130580/> (accessed on 12.05.2022).

- 2) unification of tax administration procedures of group members;
- 3) reduction of the tax burden due to the consolidation of profits and losses;
- 4) elimination of the need to comply with and control the transfer pricing rules.

At first glance, these tasks reflect the interests of all three parties — the federal authorities, businesses, and regions, however, the further implementation of the CTG regime has demonstrated the need for more careful consideration of the interests of the regions.

In the process of introducing the institution of consolidated tax on a trial basis, CTGs were formed at the initiative of taxpayers. If, on the contrary, the state, within the framework of the test period, ensured the formation of only those CTGs that declare profits in the regions — profit centers, the task of a fair distribution of profits between regional budgets could be completed to a greater extent. It would also avoid the consequences for which the CTG regime was most criticized — the situations with the Karelsky Okatysh mine (KGP, formed by the Severstal holding) and Stoilensky GOK (CTG, formed by the NLMK holding). Neither Severstal nor NLMK concentrated a significant part of their profits in Moscow or St. Petersburg, so the creation of CTG by these groups led to a redistribution of profits among other regions, including subsidized regions.

If the distribution of the income tax base between regions in accordance with production assets, and not the financial performance of enterprises as a whole, seems to be more equitable, then the redistribution of the tax base of individual holdings may cause problems, which are indicated in the examples above.

Although, based on the results of the CTG functioning, the tasks set were completed, in fact, the requirements for the power consolidation of the constituent entities of the Russian Federation were not taken into account:

- 1) transparency and predictability of changes in tax revenues to regional budgets;

- 2) maintaining the tax revenues of subjects at a sufficient level.

As the main scientific result of the study, we state that the decision to abolish CTG was not justified by the criteria that were formulated in the form of consolidated tax objectives (1–4), but was already based on these specified criteria. Consequently, the unsuccessful implementation of the CTG regime led to the fact that the provisions of the bill initially did not ensure the observance of the indicated interests of the regions, and then the decision-making bodies were unable to fully adapt the work of the CTG regime for the objectives.

At the same time, the study shows that the decision to abolish the CTG regime in 2023 cannot be considered fully justified. In our opinion, it is necessary to return to the revision of this issue when the Accounts Chamber analyzes the results of the functioning of the CTG regime for 2017–2020 and publishes them. This will make it possible to assess the redistribution of the tax base of those CTGs that in 2014–2016 had a zero tax base. Also, when assessing the change in the shares of subjects in income tax revenues from CTGs, it is necessary to adjust the coefficient of return of overpayments on advance payments from the budgets of the subjects of the Russian Federation.

The lack of a sufficient number of scientific papers that analyze in detail the consequences of the introduction of CTGs is due to the lack of available information about the results of their activities. Therefore, in connection with the decision taken, one can only assume that the abolition of consolidated taxation will lead to a new redistribution of tax revenues between regions, as well as to additional costs for taxpayers. Abolition of the CTG regime and narrowing the scope of transfer pricing control rules actually returns the distribution of income tax between regions, as it was before 2012, i.e. when two regions accounted for more than 35% of the total profit of all Russian organizations.

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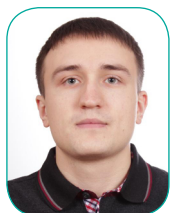
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