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Tax Preferences in the Spatial Development of the Country: Terminological Aspect of the Study

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ABSTRACT

For harmonious socio-economic development of the Russian Federation, national goals in the most important spheres of the state were defined. The first Decree of the President of the Russian Federation, signed by V.V. Putin 07.05.2024, defined the national goals until 2030 and for the period until 2036. The strategy of spatial development of Russia until 2030 is aimed at reducing the high level of uneven development of individual territorial parts of the state, which will increase the sustainability of the economy. Tax incentive instruments have a significant role to play in achieving the objectives set. In order to realize the task of increasing the effectiveness of tax instruments of impact on economic processes, it is important to have a correct view of the terminology used in the development of economic, including tax, policy, which has become the central subject of the study. The **purpose** of the study is to offer the author's identification of such definitions as: spatial, territorial, regional, cluster development; tax preferences and tax benefits; special tax regimes; regional tax policy and others. It is proved that the allocation of spatial development as an object of influence of tax policy is the result of institutionalization of multilevel tax regulation. The classification of tax preferences with the allocation of those important for spatial development and the proof that special tax regimes are a form of preferences is proposed. The classification of tax instruments as a manifestation of multilevel system of tax regulation in the context of stimulating spatial development of the country is shown. The diversity of special tax regimes, the content of which is realized both within the framework of regional tax policy and based on the competence of tax policy of the regions, is stated. **Conclusion:** the use of theoretically verified tax terminology in the justification of tax innovations will improve the quality of decision-making for the spatial development of the country.

Keywords: tax policy; level of tax regulations; regional tax policy; special tax regime; tax preferences; tax benefits; spatial development; regional development; clustering; tax policy of region; special economic zone

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INTRODUCTION

Long-term planning of the development of the national economy in Soviet periods systematically included such a direction as the placement of productive forces. The centralized nature of public administration was realized, inter alia, through mandatory industrial development indicators brought to each economic entity and provided by allocated budgetary funding. The management of enterprises and organizations is accountable for party responsibility through defined administrative processes.

The development of market relations has changed a lot. Indirect economic, first of all, financial instruments for regulating socio-economic processes in the state were activated. These include tax measures taken by both the federal and regional levels of government and administration. Instruments for implementing tax policy in relation to the territorial development of the country have different forms and purposes. At the same time, the problem of optimization of both the list of applicable tax incentives and the irrational taxation in setting and solving complex tasks of different levels of spatial development is beginning to appear. In the elaboration of practical issues, especially at the legislative level, there are often terminological inaccuracies that can have a negative impact on the subsequent implementation of the established positive ideas in improving measures of state influence on the socio-economic development of the country.

EVOLUTIONARY AND SUBSTANTIAL CONTENT OF DEFINITIONS: SPATIAL, TERRITORIAL, REGIONAL DEVELOPMENT OF THE COUNTRY, CLUSTERING

Russia — is a country with a complex territorial organization of the federal system with enormous diversity of natural and climate conditions and unequal placement of minerals. All this predetermines the goals, objectives and risks of tax policy when implementing a

territorial approach to preferential taxation. It is important to determine the terminology, because the development of new forms of organization of tax relations has become in demand in the conditions when the state in the developing of the territorial aspect of economic policy has evolved into a strategy of *spatial development*. In the Order of the Government of the Russian Federation from 13.02.2019 No. 207, spatial development is presented as an activity aimed at solving the state tasks of management of the development of the territories (optimal resettlement of the population, placement of productive forces, etc.) as a holistic object of regulation and including the tools of such management.¹ At the same time, spatial development is viewed as a strategic direction from the point of view of territorial purpose.

D.E. Simakova in the form of components that demonstrate its evolutionary changes proposes the hierarchical implementation of spatial development with the disclosure of content cluster development, regional development, territorial development, space development [1]. It seems possible to agree with the author, who argues that the evolutionally first, relating to economic growth and the reduction of differentiation between regions in Russia, are two definitions: territorial and regional development. Territorial development is broader than “regional development” because it is more dependent on resource capacity in a particular part of the country. At the same time, territorial development is the process of improving the territories in order to improve their structural and functional characteristics, affecting both socio-demographic and economic aspects. Spatial development is different from territorial, according to D.E. Simakova, in that it changes the configuration, the structure

¹ Order of the Government of the Russian Federation from 13.02.2019 No. 207 “On approval of the strategy of spatial development of the Russian Federation for the period up to 2025”. ConsultantPlus.

of the territory, its individual systems, and complexes. Based on the objectives set out in the Strategy of spatial development of the Russian Federation, it is also possible to assume the formalized and organizational structure of spatial development as a 3D-format of the territory with an archipelagic system of multi-vector target coordinates of interconnections of individual parts of the country, as well as with the implementation of ESG-principles of development, including even the preservation of cultural heritage. This required an integrated approach to identifying a set of tax tools for achieving targets at different levels of governance. Other modern forms of preferential zones, including special administrative districts (SADs), are also organically integrated into the pro-transitional structure, with additional competences compared to solving territorial and regional development tasks, in particular, on the legalization of foreign investment.

It should be noted that the use of the definition of “cluster”, first introduced in 1990 by M. Porter, which means, in terms of the territorial aspect, a group of geographically adjacent interconnected companies (group, merger) is increasing. Thus, the concept of “cluster”, which includes in the content of different goals and objectives in contrast to spatial, territorial and regional development, is nevertheless their integral part in the framework of the creation of a favorable investment climate in the vast areas of Russia [1–3].

The process of clusterization, as well as the already existing evidence of its effectiveness, in particular, in the field of innovation achievements, prove the thesis expressed on the basis of cross-country comparison by E. V. Balatsky, that large states have all the possibilities through the development of their individual regions, taking into account their specificities, to no less high results than the successful technological models of Singapore, Israel, South Korea, Norway, Iceland [4, 5]. At the same time, the organization of a group

of clusters in the region is also likely with the formation of economic zones with a specific purpose and vice versa — groups of special economic zones (hereinafter — SEZ) in a cluster, which can positively affect the development of each other.

In Russia, a certain practice of creating and developing clusters using zones with preferential tax regime was formed, which was reflected in the formation of such an institution as the Association of Clusters, Technology Parks and SEZ (AKIT of the Russian Federation).

The substantive understanding of spatial development as a complexly structured process makes it possible to recognize the correctness of the researchers’ identification of three approaches to the inclusion of clusters in the mechanism of tax incentives for spatial development [6]:

- 1) cluster is formed on the basis of already functioning SEZs or territories of advanced socio-economic development (hereinafter — TASED) (the advantages of such an approach is the availability of established infrastructure and a number of already attracted residents — as a rule, with large investment projects, because their presence is one of the conditions for the creation of SEZs). As at the beginning of 2020, there were 6 such clusters in Russia;

- 2) reverse movement — the criterion for the creation of SEZ and other forms of preferential tax regimes is the presence of formed clusters, including a sectoral approach (e.g. Kamsk Innovative Territorial Production Cluster and TASED “Nizhnekamsk”);

- 3) consolidation of a number of SEZs into a single cluster. The decision is not taken at the regional level, but at the level of the Government of the Russian Federation (for example, the North Caucasian tourist cluster, which unites the zones of Karachay-Cherkess, Kabardino-Balkarian Republics, the Republics of Dagestan and Ingushetia; the fifth interregional cluster of composite producers).

Thus, the distinction between the concepts of cluster development, regional development,

territorial development and spatial development will contribute to structuring the content of normative documents, including government legal acts, to a clearer definition of the competences of the various management structures in solving the respective tasks in the context of the national development goals of the country. All this will have a positive impact on the organization of tax relations, eliminating contradictions in the application of various preferential forms.

TAX BENEFITS AND TAX PREFERENCES: IS THERE A DIFFERENCE IN CONTENT, DESTINATION, AND FORM?

The tax component in ensuring sustainable spatial development is primarily associated with the active impact on economic entities. Tax incentive instruments designed to influence the interests of economic entities with a view to their development in directions defined by the State as relevant, including the territorial aspect, are generally recognized tax benefits defined in the Tax Code of the Russian Federation as advantages for certain categories of taxpayers (art. 56 Tax Code of the Russian Federation). However, in the scientific and educational literature, a different definition of the granting of advantages to certain participants in tax relations has become increasingly used, namely, “preference”. In the scientific literature, there has even been a terminological discussion about the distinction between these two definitions. The combination of territorial and preferential emphasis in taxation gives impetus to a new look at the theory of taxes and taxation.

In scientific circles, the concept of “tax preferences” is seen as a synonym for the definition of “tax benefits”. However, it is also very persistent that these are different definitions, having different content and having different consequences for their application by taxpayers [7–9]. However, there are no clear criteria for distinguishing these two concepts, including tax

legislation. It is possible to distinguish three groups of scientists with different opinions [10, pp. 48, 49]:

Group I — identifies the concepts of “tax benefits” and “tax preferences”, and, when describing tax preferences, calls them tax benefits or a system (subsystem) of tax benefits;

Group II — distinguishes the two concepts, but does not represent the criteria for distinguishing;

Group III — considers tax benefits as a means of realizing tax preferences, defining the concept of “tax preferences” in a narrow and broad sense.

The generalization and critical consideration of the positions of the various authors allows to propose to use the most general criteria for separating the content of the terms “tax preferences” and “tax benefits” as follows: by the nature of the application (mandatory/non-mandatory); by the forms of application (tax / non-tax); by subject belonging (author criterion). Allow us to present some significant results from the application of these criteria.

The mandatory nature of application is primarily attributed to the concept of “preference” (e.g. simplification of reporting). With regard to tax benefits, there is both a compulsory nature of the application of some of them (for example, in the part of the exemption from VAT of metal fractures and black metals), and non-compulsory, voluntary, which is included even as a position in the development of tax policy of the taxpayer.

Tax benefits mainly have forms relating to the elements of taxation on individual taxes and charges (reduction of tax rates, granting of tax deductions, exemption from the tax base, etc.); non-tax forms are the sphere of preferences (exemption from tax checks, simplification of reporting, criteria of subjectivity of preferential zones, etc.).

Subjectively, individual taxpayers in accordance with the established conditions ultimately apply both tax benefits and tax

preferences. However, it is correct to assume that preferences generally relate to differently institutionalized groups of taxpayers (subjects of individual preferential tax regimes, preferential zones, certain types of clusters, regions, etc.).

In this way, the following definition of the term “tax preference” seems correct — these are advantages in the sphere of *tax relations*, which are granted to taxpayers on their subjective belonging to groups institutionalized by different characteristics (on certain territories, on certain types of activity), as well as to legal and natural persons for achieving certain objectives of the economic policy of the State through stimulation of economic activity, social protection and development of society, legalization of shadow cash flows. It should be noted that in this version the definition of “tax preference” also includes tax control reliefs. This takes place both in special tax regimes (not only for small business entities, but also in the territorial aspect), and outside their framework, including in the context of unprecedented Western sanctions against Russian legal entities (for example, tax manoeuvres towards accredited entities of the IT industry, including by facilitating their spread throughout the territory of the state, although not targeted, to solve the spatial development). This approach further broadened the distinction between the notions of “tax preferences” and “tariff benefits”.

The classification of their types contributes to the discovery of the content of concepts. The following classification features and, accordingly, types of preferences are distinguished [10, p. 52–54]:

- by scope of application (within priority development zones aimed at sectoral incentives, providing state support to a certain (target) category of payers);
- by methods of introduction (applications) (administrative, economic);

- by duration of action (unique, periodic (interval), prolonged);
- by motivational reasons (economic, social);
- by functional purposes (stabilizing (supporting), stimulating);
- by implementation (facilitated, not preferential, combined (mixed)).

Let us specify some types of tax preferences in relation to the territorial approach. Thus, let us pay attention to tax preferences introduced by practical *administrative methods*. Preferences granted this tax by executive bodies, for example, within free economic zones, technology parks, in the form of tax debt restructuring, social tax benefits, etc.

One-time preferences, such as tax amnesty, tax vacancies, exemptions from tax checks, etc., are granted by the State under certain circumstances (including external sanctioning pressure).

Long-term preferences, such as exemption or reduction of the object of taxation, tax credit, investment tax credits, investment protection and promotion agreements, sectoral tax maneuvers, etc., are defined by the State as components of the tax system or its elements and remain unchanged/modified slightly over a long period.

Economic tax preferences are intended to obtain positive dynamics of economic activity development and improvement of the general and regional economic situation in the State.

Non-preferential preferences — include deferred and delayed tax payments, reduced checks, stabilization reservation, etc.

Interest is presented in the interpretation of *stabilizing (supporting) tax preferences*. It is considered that they are intended, primarily, to reduce the tax burden of small and medium-sized enterprises, the legalization of income of business representatives. Taxpayers have the opportunity to decide on their own whether to use the preference if they are subject to statutory conditions. Supporting preferences include alternative (special) tax systems.

The establishment of *combined (mixed) preferences* is often used by the state for the development of depressed territories, special economic zones (SEZ), territories of advanced socio-economic development (TASED), technology parks, tax havens. In this sense, preferences are not preferential, but they are implemented with various benefits, including tax benefits.

In this way, it is correct to believe that the concept of “tax preferences” is wider than the definition of “tax benefits”, in particular because the former also extend to the organization of tax relationships, and the second — primarily relate to the mechanism of calculation and payment of taxes and fees. However, the author’s position on the separation of tax preferences and benefits as sufficiently conditional and serving rather educational purposes to understand the diversity of not only the forms of the tax benefits granted as such, but also of the conditions and areas of their application, is reflected in the proposed interpretation of the criteria and the substantive filling of the ratio of these two terms.

SPECIAL TAX REGIMES – ONLY FOR SMALL ENTITMENTS?

Tax preferences include various forms of tax reliefs and exemptions from the general rules of taxation. For example, special tax regimes for small business entities in the form of taxation of their income, which differ from general income taxes in all elements and result in a comparative reduction in tax obligations, can be attributed to tax preferences. However, the opinion is expressed that special tax regimes are non-tax benefit, but a mechanism of tax regulation of a systemic nature, i.e. an alternative, preferential mechanism/regime of taxation embedded in the tax system [10, p. 34]. One of the arguments here may be the fact that in the special tax regime there is no link to the elements of one of the taxes, and in fact several taxes are replaced by one (for example, for agricultural producers — a single

agricultural tax). If we focus on the tools for implementing tax preferences, *special tax regimes are a combined form of tax preference*.

In the Encyclopedia of theoretical foundations of taxation was presented an expanded understanding of the definition of “special tax regime”— a special taxation system that is established with the purpose of creating favorable economic and financial conditions of activity for certain categories of tax subjects (organizations, individual entrepreneurs), including through the simplification of tax rules and reduction of tax burden.² At the same time, the following tax privileges and preferences have been identified as the main instruments for implementing special tax regimes:

- 1) replacement of individual taxes and charges existing under the general taxation regime by a single tax specific to certain activities or categories of taxable persons;
- 2) establishment of a special procedure for determining the elements of taxation on individual taxes, including by categories of taxpayers;
- 3) exemption from individual taxes and fees (federal, regional and local);
- 4) simplification of tax reporting and tax control.

In national tax legislation, both all instruments and individual types of instruments can be used simultaneously (for example, Russia, Kazakhstan use all four types of tools, while Switzerland uses only the third type). The special tax regime may be limited for a certain period.

Based on the subject of this article, let us first draw attention to the second type of instruments for the implementation of special tax regimes, as the most common in modern practice. It relates to the establishment of peculiarities in the elements of taxation on individual taxes (entity income tax, corporate income tax) in respect of taxable persons

² Encyclopedia of theoretical foundations of taxation. Edited by I.A. Mayburov, Y.B. Ivanov. Moscow: UNITI-DANA; 2016. 503 p.

(including non-residents) operating in certain territories (SEZ, TASED, etc.), as well as in certain industries (activities, for example, IT-companies; structures of social purpose). The focus of such special tax regimes is to attract national investments, including in the territorial vector, and taking into account their targeting.

An example of the third type of instrument of implementation of special tax regimes is exemption for a period of up to 10 years from the performance of the obligations of the taxpayer on the income tax of organizations — persons who have received the status of participants in the project to implement research, development and commercialization of their results “Skolkovo”. Examples include exemptions for participants in regional investment projects (RIPs), as well as special investment contracts (SICs), investment protection and promotion agreements (IPPAs). In general, RIP and SIC are focused locally on a specific territory and allow to stimulate the development, mainly, of their participants, i.e. individual economic entities. However, this result is achieved mainly not through tax instruments, but through the creation of stable development conditions in the medium-term.

For the fourth type, the special tax regimes for small and medium-sized enterprises in terms of the various levels of simplification of accounting and tax reporting are the most striking example. It is also important that from 01.10.2024 it is envisaged to simplify the procedure for connecting residents of the SEZ to the tax monitoring system, which means the transfer of tax checks to online. Accordingly, the procedure for the refund of VAT paid, which is important for large, will be accelerated.

SEZ AS AN ORGANIZATIONAL FORM OF SYNERGY BETWEEN PREFERENTIAL TAXATION AND TERRITORIAL DEVELOPMENT OF THE COUNTRY

External experience shows that special economic regimes are one of the options for

achieving integrated application of incentives [11–13].³ Based on the classification of special economic zones proposed in the annual study of UNCTAD,⁴ we can identify the peculiarities of the practice in Russia. Analysis of the organizational forms of special economic regimes makes it possible to conclude that the objectives of the establishment of SEZs in low-income countries, as in the Russian practice in part of the separately allocated territories, are: attracting investment in infrastructure in limited territory, stimulating the development of industrial production and compensation for the “small spots” in the investment climate. However, for economic with above-average incomes, faced with the challenge of creating high-tech industries, high value-added production, the creation of preferential tax zones is not so typical and can only serve as a platform for preventing distortions in the economy, as well as for building complex cross-border supply chains. Thus, it is correct to conclude that there is a contradiction: by using Russia’s SEZs, it must simultaneously the goals characteristic of economies at different levels of development. Accordingly, preferential taxation zones should also be diverse in form and purpose [4, p. 302, 303; 14].

From the statistics of development and effectiveness of SEZs in Russia, it follows that they are one of the most large-scale projects to attract direct investment in priority types of economic activities and among the most sought-after tools of regional development. However, after failures in the actual results of monitoring activities, a moratorium on their creation was introduced in the first phase. Following changes in the regulatory and legal framework, as well as the criterion for decision-making on the feasibility of forming new and effective existing SEZs,

³ OECD Digital Economy Outlook 2017. Paris: OECD Publishing. 2017. URL: <http://dx.doi.org/10.1787/9789264276284-en> (accessed on 20.03.2024).

⁴ World investment report 2019. URL: https://unctad.org/system/files/official-document/wir2019_en.pdf. (accessed on 20.03.2024).

Table

Preferences for SEZ Residents Cumulatively (From the Beginning of the SEZ Operation)

Indicator	Until 01.01.2020		Until 01.01.2021 s		Until 01.01.2022		Until 01.01.2023		
	as a % of the total amount for the section	volume in millions of rubles	as a % of the total amount for the section	volume in millions of rubles	as a % of the total amount for the section	volume in millions of rubles	as a % of the total amount for the section	volume in millions of rubles	dynamics of 01.01.2023 in relation to 01.01.2020
Benefits of paying customs duties	53	33 238.3	51	40 222	48	48 232	47	57 257	172.3%
Tax benefits	37	23 455.9	40	31 147	44	43 841	46	56 219	239.7%
Benefits of paying insurance premiums	10	6 565	9	6 999	8	7 711	7	7 711	117.5%
Total provided benefits	100	63 259.2	100		100		100	121 187	191.6%
Customs fees have been paid	20	28 377.7	38	71 244	34	93 888	32	116 151	409.3%
Taxes paid	39	53 428.2	42	77 605	46	127 394	48	176 247	329.9%
Insurance premiums are paid	41	56 076.4	20	37 074	20	53 972	20	72 404	129.1%
Total amount paid	100	137 882.3	100		100		100	364 802	264.6%

Source: Compiled by the author based on statistical data from the business navigator for the SEZ for the relevant years; Report on the results of the functioning of special economic zones for 2022 and for the period from the beginning of the functioning of special economic zones. URL: https://www.economy.gov.ru/material/file/699ec37679f67c137b011926f7a15119/business_navigator_2020-2022.pdf; https://www.economy.gov.ru/material/file/cbb3dd2a3836539769b9a50284bd2888/otchet_oez_2022.pdf (accessed on 20/03/2024).

the Government of the Russian Federation approved the formation of 50 SEZ in 43 regions of the country as of 01.01.2024, of which 31 are of industrial and industrial type, seven are of technical and developmental type, ten are of tourist and recreational type and two are of port type. They are mainly concentrated on the European part of Russia. At the end of 2023, 1 128 residents were registered in SEZs, including more than 123 companies with foreign participation from 36 countries. They created more than 66 000 jobs (184 000 were declared). The volume of investments amounted to more than 989 billion rubles (of the declared 6 trillion rubles).

The dynamics of change for benefits granted on customs duties, taxes and insurance premiums, as well as accordingly on amounts paid shows a clearly positive trend. Moreover, there is budgetary capacity for all types of preferences: granted benefits increased by 191.6%, and paid amounts increased with 264.6%. By the end of 2022, the state has reimbursed all the costs incurred on SEZs, the cumulative budgetary effect amounted to more than 55 billion rubles.⁵ In 2023 compulsory payments of residents (taxes, customs payments and insurance contributions) to budgets of all levels amounted to more than 368 billion rubles.⁶

According to the results of 2022, the Ministry of Economy recognized 7 OEDs: 4 OEDs of production type, 2 of tourist-recreational type and 1 of port special economic zone, effective — 23 zones and 14 — sufficiently effective. The combined efficiency indicator, excluding the tourist cluster, was 93.9% (in 2021–96.5%), since the start of the operation of the zones — 90.7%. The

differentiation is due to the influence of the time factor and the large number of new zones deployed for economic development that have not yet realized their potential.⁷

At the same time, it should be acknowledged that one of the reasons inhibiting the implementation of the declared achievements of the organizational forms created with special taxation regimes is the presence of all-Russian territorial disparities, which cannot be “treated” only by tax instruments. Thus, the analysis of the territorial location of SEZs clearly testifies to their attraction to regions with developed infrastructure and logistical availability. As a rule, it is Central and Volga federal districts, where more than 50% of the manufacturing industry and more than 70% of the production of innovative products is concentrated [15]. In this regard, the first reimbursement of infrastructure costs to the regions in 2023 based on federal taxes and customs duties actually paid by residents is appreciated. 1.4 billion rubles were reimbursed for St. Petersburg and Dubna SEZs.⁸

REGIONAL POLICY AND TAX POLICY OF REGIONS: WHAT ARE THESE TERMS?

In general, special tax regimes with different implementation tools fit into the institutionalization of tax preferences as a complex of combined forms, methods, instruments, including tax benefits and preferences, to the goals of socio-economic development of the country and its individual territorial units.

The heterogeneity of the development of the regions initiates the transfer of a certain amount of powers (functions) to the regional

⁵ Ministry of Economic Development of the Russian Federation: SEZ continue to show steady positive dynamics. URL: https://www.economy.gov.ru/material/news/mer_rf_oez_prodolzhayut_demonstrirovat_ustoychivuyu_polozhitelnuyu_dinamiku.html (accessed on 20.03.2024).

⁶ Special Economic Zones. URL: https://www.economy.gov.ru/material/directions/regionalnoe_razvitie/instrumenty_razvitiya_territoriy/osoby_e_ekonomicheskie_zony (accessed on 17.03.2024).

⁷ SEZ tested for stability. Monitoring of SEZ effectiveness. URL: <https://www.kommersant.ru/doc/6095851> (accessed on 07.02.2024).

⁸ St. Petersburg and the Moscow region have been reimbursed for the construction of SEZ infrastructure through state support / URL: https://www.economy.gov.ru/material/news/sankt_peterburgu_i_moskovskoy_oblasti_vozmestili_zatraty_na_sozdanie_infrastruktury_oez_za_schet_gospodderzhki.html (accessed on 07.02.2024).

level. This is also one of the theoretical aspects of the territorial approach in preferential taxation. Significantly achieving the optimal combination of a centralized, federal element of public administration with a regional one. Despite a certain degree of autonomy, the regions must be an effective part of the overall management system. In this regard, it is important to search for fiscal tools of *macroeconomic* regulation at both the federal and sub-federal levels. The concept of a multi-level system of tax regulation will be developed. This is most clearly seen in the example of the construction of tax regimes for components of the oil and gas complex, including the territorial aspect [16].

In this regard, we will rely on the definitions of “tax policy of the region” and “regional tax policy”. In scientific literature, the most common publications are those where both terms meet without any difference in their content [17–19].⁹

Indeed, in the federal state, legislative rules for the establishment and introduction of taxes are in force throughout the territory, as reflected in both the first part and the second part of Tax Code of the Russian Federation. For example, paragraph 5 of article 12 of the Tax Code of the Russian Federation “Types of taxes and charges in the Russian federation. Powers of the legislative (representative) bodies of the state authority of the constituent entities of the Russia Federation and representative organs of municipalities on the establishment of tax and fees” states: “Federal, regional and local taxes and charges are abolished by this Code”. In paragraph 6 of the same article: “No federal, regional or local taxes and charges may be imposed other than those laid down in this Code”. At the same time, the subjects of the federation have constitutionally defined autonomy, based on the principle of equality, including in

economic policy, and therefore in the conduct of tax policy. In the Tax Code of the Russian Federation, this approach is recorded in the aforementioned article of article 12 of the tax code already in its very title. Hence, the initial conclusion can correctly be presented as that the terms “regional tax policy” and “regional taxation policy” have a substantial difference.

Regional tax policy is an integral part of the tax policy of the federal center, which defines the parameters and rules of taking independent measures in the field of taxation and tax administration of the regions of the country. In turn, the tax policy of the region, incorporating federal-wide approaches to regions in the field of taxation, includes self-determinable taxation parameters, primarily in relation to regional and local taxes, as well as tax administration. Per that is what the authors of the Greater Tax Dictionary of Terms and Norms meant, arguing that tax policy “is shaped and implemented at the federal, regional and local levels”.¹⁰

This understanding of the tax policy of the region appears to be more embedded in the context of the national program of spatial development of Russia, in which each region is characterized by its socio-economic, geographical, cultural and other features, but together they constitute, including, and the economic space of the country. The purpose of the tax policy of the region is to an optimal symbiosis of the development tasks of the area, the financial, economic, social and other functions performed by it with the tax potential of the region. For understanding, we have an example with the experience of transforming the industrial monastery of Vyksa into a single urban space on the basis of a metallurgical combination with the inclusion of art-plots, the cultural and historical center “Shukhov-park” etc. “OMK” companies in the framework of ESG activities as well as the national objective “comfortable

⁹ Greater interpretative dictionary of tax terms and norms. A.B. Paskachev, B.A. Kashin. Moscow: Helios ARV, 2002. 469 p. Ozhegov S.I., Swedenova N.Y. Interpretative dictionary of the Russian language. 2nd ed. Moscow: Azi, 1994; 907 p.

¹⁰ Greater interpretative dictionary of tax terms and norms. A.B. Paskachev, B.A. Kashin. Moscow: HELIOS ARV, 2002. 469 p.

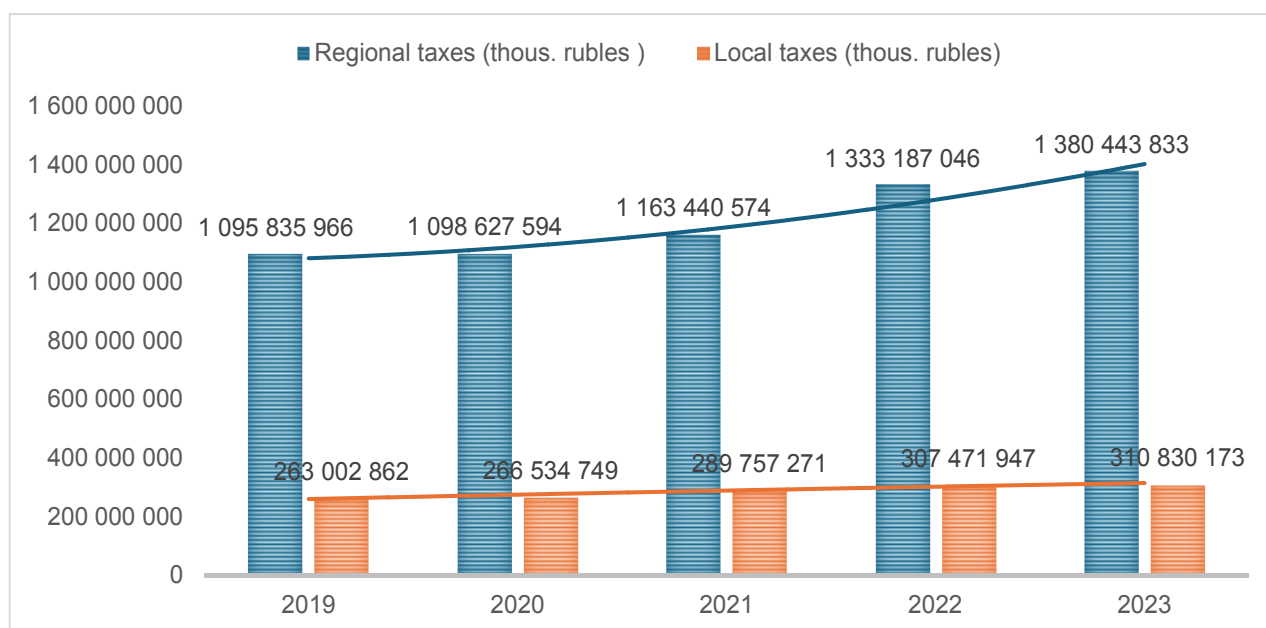


Fig. Income of Regional and Local Taxes to the Consolidated Budget of the Russian Federation (Thousand Rubles) According to the Report of the Federal Tax Service of Russia on Form 1-nm

Source: Compiled by the author according to the report of the Federal Tax Service of Russia on form 1-nm.

safe environment for living” received relevant regional tax concessions in terms of corporate income tax and corporate property tax [20].

PREVENTIONS OF THE MULTILAYERED CONCEPT OF TAX REGULATION

Multi-level approach in the practice of tax regulation, based on the specific economic situation and orientation to the achievement of the local goal, is becoming one of the current trends.¹¹ The institutional component of the multilevel system of tax regulation can be defined in the context of the tools used: systemic (level of taxation, system of taxes and fees); integrated (special taxation regimes); local (changes in the regulatory tools used). Given the specific nature of capital-intensive and labor-intensive industries located on the territory of the country, two respective approaches to stimulating the territorial development of a country are possible [21].

Tax instruments to regulate *labor-intensive* production as requiring less capital

investment can be seen as a central link in the complex of state incentive instruments for the introduction of high-technology processes.

Capital-intensive industries, as a rule, are characterized by territorial consolidation. Effective stimulation of production activities using modern technologies cannot be achieved only by tax methods: modernization and expansion of production are accompanied by significant investments, the priority of which is the consolidation of stable conditions of activity of the economic entity, if there is a stable financial legislation. In addition, capital-intensive production is geographically dependent on locations with well-developed infrastructure and the availability of highly qualified personnel. Thus, tax incentives for the creation (improvement) of capital-intensive infrastructure should include not only a reduction in tax rates, but also mechanisms for accelerated depreciation, full accounting of R&D costs with an increasing coefficient, a change in the date of payment of corporate income tax, etc.

Regional and local taxation is mainly based on property taxation. Objects are real estate of individuals and legal entities, vehicles,

¹¹ Levey S. Mobilization Theory: Some Lessons from the Literature for Today. Global Institute for Sustainable Prosperity. Working Paper No. 126, 2020.

land. As statistics show, regional and local tax revenues to regional budgets and local budgets have a trend of growth (2023/2019 for regional taxes — 125.97%, for local taxes — 118.18%), which is largely due to the expansion of the tax base (*Fig.*).

There are several reasons for the benefits of property tax preferences, both for individuals and for legal entities, among which the main one is that a more objective approach to the tax base can be achieved at the sub-federal level, taking into account regional and local characteristics. It is not a coincidence that the regional bodies, including the level of inventory assessment itself, the application of the relevant coefficients, determine the timing and procedure for the transition to the cadastral assessment of real estate of individuals. For example, with a lower average wage in the Altai region (32.8 thous. rubles) compared to, for example, the Voronezh and Omsk regions (40.9 thous. and 40.7 thous. rubles, respectively), the tax on the property of individuals in Altai province for one object was higher than in the aforementioned subjects (respectively — 1.2; 0.9; 0.6 thous. rubles) [22]. Such a comparison provides some information for regional authorities to respond appropriately within the framework of the region's tax policy in terms of the feasibility of the use of benefits and preferences. There are also some problems

with the establishment and application of property tax benefits for individuals, in particular, based on activities characteristic of a particular territory [23, 24]. This testifies to the emergence of the need for transformation in approaches to expanding the circles of autonomy of tax policy of the regions in solving issues of development of a particular territory, taking into account the synergistic effect of interaction with neighboring regions through various organizational forms of preferential taxation.

CONCLUSION

From the set of theoretical aspects studied, it can be concluded that at the conceptual level an important condition for implementing the territorial approach in preferential taxation is the understanding of the multi-level and multi-purpose nature of tax incentives for the socio-economic development of the country. The range of measures to be taken should be diversified, including direct subsidies, infrastructure development, access to credit (long-term, stable and low-interest rate) etc., with emphasis on forms of spatial development such as clusters and cluster groups, as well as in the framework of SEZs, TASEDs, RIPs, SICs, IPPAs, since a comprehensive combination of tax and non-tax instruments should be a prerequisite for such an approach to stimulating territorial development.

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