**The Role of Small Business in the Revenue Generating at Various Levels:
Case of Magadan Region (Russian Federation)**

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Abstract

The article looks at the attempt to estimate the impact of small business on the revenues at different levels. The analysis of the revenues of Magadan city, the consolidated budget of the Magadan region, the consolidated budget of the Russian Federation for 2014-2018 is conducted and the share of tax on total income is determined in them. In addition, the share of individual special tax regimes (single tax on imputed income, single agricultural tax, patent taxation system) in the revenues of various levels of the budget system is estimated. The analysis showed that the municipal budget is more dependent on the taxation of small businesses, however, the share of tax revenues paid by small businesses is also small and does not exceed 23%. The conclusion is drawn on the insignificant role of small business taxation in the revenue generating at various levels.

Keywords: small business; budget; tax revenue; total tax; special tax regime; tax take.

Introduction

Small and medium business is the basis for the development of the state economy. Small business participates in revenue generating of all levels by direct deductions to the budget from its own

revenues, and also helps to collect taxes, creating jobs and is being a source of income for the population. Unlike representatives of medium and large businesses, small enterprises regularly and promptly pay taxes. In this regard, the task was set to determine the contribution of small businesses to the revenue generating at various levels.

Methods

Evaluation of the impact of small business taxation on the occupancy rate of budgets of various levels is not the subject of so much research work by domestic researchers. Most often, it is proposed to use separate indicators characterizing the level of taxation in the region, such as a coefficient of the level of taxation (Dianov, 2018), an indicator of the structure of tax revenues (Eliseeva, 2011), other indicators that can be calculated based on tax statistics (Salin, 2002). However, these works do not allow to comprehensively assess the role of small business in the revenue generating.

If we talk about the work of foreign researchers, they are devoted to problems of low tax collection in the budget (Atawodi, Ojeka, 2012) or the impact of tax compliance on the efficiency of small and medium-sized businesses (Hansford, Hasseldine, 2012). The impact of taxation and state support on business innovation presents a certain interest for the researchers (Haufler et al, 2014). The work of Dias (2019) deserves certain attention, Dias (2019) devoted to the study of the reasons for the failure of Portuguese entrepreneurs to switch to a simplified tax system. However, we did not find works devoted to assessing the impact of small and medium-sized businesses on the budgetary capacity of the budget system.

The most detailed and generalized indicators for assessing the effectiveness of the regional system of taxation of small businesses are presented in the article of Perekrestova and Irizepova (2014), who systematized and formed a set of indicators of tax statistics used in assessing the regional tax system. The methodology proposed by the authors is available and allows one to fairly assess the effectiveness of the regional tax system for small enterprises, including filling the regional budget with tax revenues. However, the authors did not propose approaches to assessing the impact of small business on the revenue generating of other levels of the budget system.

For the purposes of our study, the technique proposed by N.Z. Zotikov (2018) is most suitable, which consistently assessed the contribution of small businesses to the occupancy of the municipal budget, regional budget and the budget of the Russian Federation based on the allocation in budgets of tax revenues from taxation of small businesses.

Results

Consider the importance of small business in the revenue generating of various levels on the example of small business in the Magadan region.

The procedure for generating tax revenues of the local budget and the role of small business will be considered using the example of the budget of the city of Magadan ("The results of socio-economic developmen", 2018) in Table 1.

Table 1. Budget of Magadan, thousand rubles

Indicator	2014	2015	2016	2017	2018	2018 to 2014, %
Income, total	5 888 610,9	5 547 948,8	5 565 134,9	6 066 149,5	6 427 243,4	109.15
Tax revenues of these, including	1 814 984,9	1 676 200,9	1 809 353,2	2 114 536,1	2 374 710,3	130.84

Total tax:	234,082.2	294,290.7	302,484.3	491,732.4	547,793.3	234.02
Single tax on imputed income	204,512.5	207,131.7	213,491.1	208,490.1	217,266.2	106.24
Single agricultural tax	28 302,7	86 143,0	86 009,8	43 907,95	71 938,7	254.18
Patent system of taxation	1 267,0	1 016,1	2 983,3	4 810,5	4 734,9	3,7 times
Share of total tax, %						
- in total tax revenue	12.9	17.6	16.7	23.3	23.1	-
- in total income	3.98	5.30	5.44	8.11	8.52	-
The share of special tax regimes in the amount of total tax, %						
Single tax on imputed income	87.4	70.4	70.6	42.4	39.7	-
Single agricultural tax	12.1	29.3	28.4	8.9	13.1	-
Patent system of taxation	0.54	0.35	0.99	0.98	0.86	-

According to Table 1, there is an increase in revenue for the period 2014-2018 by 9.15% with an increase in tax revenue by 30.84%. The amount of tax on total revenue paid by small businesses under special tax regimes increased by 34.02%, including the single tax on imputed income (STII) - by 6.24%; for the single agricultural tax (SAT) - by 54.18% and in the patent tax system (PTS) - 3.7 times. The share of tax revenues from small businesses is insignificant: in 2018, 23.1% of the total tax revenues and 8.52% of the total income.

Most individual entrepreneurs and legal entities use STII, which is confirmed by the share of this special tax regime in the amount of tax on total revenue - about 40%, then the Single agricultural tax - 13.1% and the smallest share on PTS - 0.86%.

After the abolition of STII in 2021, the majority of individual entrepreneurs will switch to SPE, or to a simplified taxation system (STS), and legal entities only to STS, because they are not entitled to use STS.

The procedure for the budgeting and consolidated budget of a constituent entity of the Russian Federation will be considered using the budget example of the Magadan Region ("Report on the receipt of taxes, fees and other obligatory payments", 2014, 2015, 2016, 2017) in Table 2.

Table 2. Consolidate budget of the Magadan region, thousand rubles

Indicator	2014	2015	2016	2017	2018	2018 to 2014, %
Income, total	23 344 668,8	24 317 019	29 702 774	31 089 523,8	33 185 117,8	142.15
Tax revenues of these, including	12 029 130,0	15 359 347	19 880 157	18 012 029,8	19 842 751,8	164.96
Total tax of these:	469,778.2	480,408.4	499,520.5	282,150.3	308,763.6	65.80
Single agricultural tax	526.6	(66.7)	-	0.2	-	-

- single tax on the simplified tax system:	469,251.6	480,475.1	499,520.5	282,150.1	308,763.6	65.80
a) with the object "Revenues"	339,003.8	343,509.6	345,235.4	198,357.9	210,026.9	61.95
b) with the object "Revenues reduced by the expenses"	130,247.8	136,965.5	154,285.1	83 792,2	98 736,7	75.81
c) minimal tax	293.6	312.5	243.5	339.4	671.5	2,3 times
Share of total tax, %						
- in total income	2.01	1.98	1.68	0.91	0.93	-
- in total tax revenue	3.91	3.13	2.48	1.57	1.56	-
Share in the amount of the single tax at the simplified tax system of the object, %:						
"Revenues"	72.24	71.49	69.11	70.30	68.02	-
"Revenues multiplied by the expenses"	27.76	28.51	30.89	29.70	31.98	-
minimal tax	0.06	0.07	0.05	0.12	0.22	-

Revenues of the regional budget for 2014 with a plan of 26,931,347.5 thousand rubles executed in the amount of 23,344,668.8 thousand rubles, or 86.7%. For tax revenues, in total for 2014, the execution amounted to 12,029,130.0 thousand rubles, or 78.3% of annual appointments (15,361,961.9 thousand rubles). The growth compared to the corresponding period of 2013 amounted to 1,225,713.4 thousand rubles, or 11.3%. Taxes on total income with a plan of 585,207.0 thousand rubles executed in the amount of 469,778.2 thousand rubles, or 80.3% of annual appointments, including:

- tax incurred in connection with the application of the simplified tax system, with a plan of 585,207.0 thousand rubles executed in the amount of 469,251.6 thousand rubles, or by 80.2%, the decrease compared to the same period of 2013 amounted to 16,530.6 thousand rubles, which is mainly due to the transition of individual organizations to the general and patent tax systems (PTS);
- single agricultural tax arrived in the amount of 526.6 thousand rub.

Revenues of the regional budget for 2015 with a plan of 26,847,668.2 thousand rubles executed in the amount of 24,317,019.3 thousand rubles, or 90.6%. Tax revenue amounted to 15,359,346.7 thousand rubles, or 86.8% of the annual plan (17,693,238.9 thousand rubles). The growth compared to the corresponding period of 2014 amounted to 3,330,216.7 thousand rubles in the absolute amount, or 27.7%. Taxes on total revenues with a plan of 614,478.0 thousand rubles executed in the amount of 480,408.4 thousand rubles, or 78.2% of annual appointments, with an increase over the corresponding period of 2014 by 10,630.2 thousand rubles, or 2.3%. The level of actual execution for this type of revenue was negatively affected: a decrease in the number of taxpayers at the end of 2014, a lack of planned revenue growth under the simplified tax system in 2015, caused, in particular, by a reduction in the tax base in the new economic conditions of the current year. At the same time, it should be noted that the planned tax assignments for 2015 were calculated on the basis of the available reporting and the positive dynamics of previous periods 2011–2013 (in the absence

of final reporting for 2014), taking into account the outstanding debt on 01.10.2014, the volume of which as of 01.01.2016 increased with an increase of more than 85% and amounted to about 33,000.0 thousand rubles.

Execution by types of revenues amounted to:

- tax incurred in connection with the application of the simplified taxation system, with a plan of 614,478.4 thousand rubles executed in the amount of 480,475.1 thousand rubles, or 78.2%, an increase over the same period in 2014 amounted to 11,223.5 thousand rubles, or 2.4% as a result of payment of additional charges in the amount of 9 million rubles under acts of field tax audits by a number of individual entrepreneurs. In addition, there is an increase in tax revenues from private security agencies (according to OKVED 74.6 - "Investigations and security") in the total amount of 4 million rubles;

- single agricultural tax is executed in the amount of "minus" 66.7 thousand rubles.

Revenues of the regional budget for 2016 with a plan of 29,702,773.8 thousand rubles executed in the amount of 29,578,517.2 thousand rubles, or 99.6%. Tax revenue amounted to 19,880,157.3 thousand rubles with overfulfillment of the annual plan (19,269,090.3 thousand rubles) by 611,067.0 thousand rubles or 103.2% and an increase over the same period in 2015 by 4,520,810.6 thousand rubles or 29.4%. Taxes on comprehensive income (tax incurred in connection with the application of the simplified tax system) with a plan of 495,370.0 thousand rubles executed in the amount of 499 520.5 thousand rubles, or 100.8% of annual appointments, with an increase in comparison with the corresponding period of 2015 by 19,045.4 thousand rubles, or 4.0%.

The execution of the regional budget for 2017 amounted to 31,089,523.8 thousand rubles in income, or 92.4%. Tax revenue in 2017 amounted to 18,012,029.8 thousand rubles. The annual plan (20,553,380.8 thousand rubles) was completed by 87.6% with a decrease compared to the same period in 2016 by 1,868,127.5 thousand rubles, or 9.1%. The default amounted to 2,541,351.0 thousand rubles, or 12.4%.

Taxes on total revenue with a plan of 280,700.0 thousand rubles executed in the amount of 282,150.3 thousand rubles or by 100.5% of annual appointments (overfulfillment - 1,450.3 thousand rubles), with a decrease in comparison with the corresponding period of 2016 by 217,370.2 thousand rubles, or 43.5%. Execution by types of revenues of this group amounted to, including:

- on tax incurred in connection with the application of the simplified tax system with a plan of 280,700.0 thousand rubles - in the amount of 282,150.1 thousand rubles, or by 100.5% of annual appointments (overfulfillment – 1,450.1 thousand rubles), with a decrease in comparison with the corresponding period of 2016 by 217,370.4 thousand rubles, or 43.5% (due to the transfer from January 1, 2017, 50% of revenues to local budgets in accordance with the law of the Magadan Region dated 10.28.2016 No. 2084-03 "On Inter-Budget Relations in the Magadan Region");

- single agricultural tax arrived in the amount of 0.2 thousand rub., no scheduled appointments.

The revenues of the regional budget for 2018 were executed in the amount of 33,185,117.8 thousand rubles or 95.1% of the annual plan (34,909,865.70 thousand rubles). Tax revenue amounted to 19,842,751.8 thousand rubles or 91.7% of the annual plan (21,629,000.0 thousand rubles).

In general, the revenues of the consolidated budget of the Magadan region in 2018 compared to 2014 increased by 42.15%, including an increase in tax revenues by 65%. The amount of tax on total revenue paid by small businesses in connection with the application of the special tax regime under the simplified tax system, decreased by 65.80%, including with the object "Income" -

61.95%, "Income reduced by the amount of expenses" - 75.81%. In general, the share of small business in the budget revenues of the Magadan region remains insignificant: in 2014 - 3.91%, in 2018 - 1.56%. In the total amount of the single tax in connection with the application of the simplified tax system in 2018, the single tax prevailing in connection with the use of the "Income" object is 68.2%.

Next, we consider the role of small business in generating revenue of the consolidated budget of the Russian Federation (Russian statistical yearbook, 2018, p. 509) (Table 3).

Table 3. Consolidated budget of the Russian Federation, billion rubles

Indicator	2014	2015	2016	2017	2018	2018 to 2014, %
Income, total	26 766,1	26 922,0	28 181,5	31 046,7	36 916,9	137.9
- federal budget	14 496,9	13 659,2	13 460,1	15 088,9	19 454,9	134.2
- consolidated budgets of the constituent entities of the Russian Federation	8 905,7	9 308,2	9 923,8	10 758,1	12 392,4	139.2
Total tax,	315.1	347.8	388.5	446.9	520.5	165.2
including consolidated budgets of the constituent entities of the Russian Federation	315.1	347.8	388.5	446.9	520.5	165.2
Share of total tax, %						
- in consolidated budget of the Russian Federation	1.18	1.29	1.38	1.44	1.41	–
- in consolidated budget of the constituent entities of the Russian Federation	3.54	3.74	3.91	4.15	4.20	–

According to Table 3, there is an increase in the revenues of the consolidated budget of the Russian Federation by 37.9% in 2018 compared with 2014. The tax on total revenue paid by representatives of small businesses is fully credited to the consolidated budget of the constituent entities of the Russian Federation, while its share is less than 5%, and less than 1.5% in the consolidated budget of the Russian Federation. Table 4 presents the summary data on the receipt of tax on total revenues in budgets of different levels.

Table 4. The share of tax on total revenue in budgets of different levels, %

Indicator	2014	2015	2016	2017	2018
The local budget of Magadan	3.98	5.30	5.44	8.11	8.52
The consolidated budget of the Magadan region	2.01	1.98	1.68	0.91	0.93
The consolidated budget of the Russian Federation	1.18	1.29	1.38	1.44	1.41
The consolidated budgets of the					

constituent entities of the Russian Federation	3.54	3.74	3.91	4.15	4.20
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According to Table 4, it is seen that the largest tax on total income is recorded in the local budget of the city of Magadan, and the share of this tax is growing in tax revenues of the budget. In the consolidated budget of the Russian Federation, the share of this tax is also gradually increasing. At the same time, in the regional budget of the Magadan region, the share of tax on total revenue for the analyzed period fell almost twice. It should be noted that tax revenues from small businesses are generally insignificant and make up no more than 23% of tax revenues of the local budget.

In 2019, there were changes in tax legislation in relation to representatives of small and medium-sized businesses (“What awaits small business in 2019: 25 major changes in the legislation”, 2019). We note some of them:

- From 01.01.2019, agricultural manufacturers who are subject to a single tax due to the special tax regime of the Single Agricultural Tax will have to pay value added tax (VAT) in the generally established manner. If the revenue for 2018 was less than 100 million rubles (excluding tax), the taxpayer had to contact the tax authority for the cancellation of VAT. To do this, they inform the tax office at the place of registration no later than the 20th day of the month from which they planned to receive exemption. In subsequent years, the revenue is as follows: for 2019 - no more than 90 million rubles; for 2020 - no more than 80 million rubles; for 2021 - no more than 70 million rubles; for 2022 and subsequent years - no more than 60 million rubles;
- From December 31, 2018, tax holidays for some entities that are on the Simplified Taxation System (STS) have ended. Starting January 1, 2019, the social contribution rate for all companies, except for non-profit ones and those conducting charitable activities, was 30% instead of preferential 20%, which means an increase in the fiscal burden on small businesses in 2019;
- From 01.01.2019, the size of insurance premiums for individual entrepreneurs increased; until the end of 2019, it will be necessary to pay 36,238 rubles: 6,884 rubles for compulsory health insurance and 29,354 rubles for compulsory pension insurance. If the income received exceeded 300 thousand rubles, before 01.07.2020 it will be necessary to pay another 1% of the money earned in excess of the indicated amount.

For employers, tax limits on deductions to extrabudgetary funds have also increased: the limit of the tax base for calculating payments of pension savings amounted to 1,150,000 rubles, for social payments – 865,000 rubles. For social payments, when the limit is exhausted, a tax on the excess amount is not charged for payments to the Pension Fund in the amount of over 1,150,000 rubles, 10% rate is applied instead of 22%. One shall note that:

- since 2021, the rate of payments to the Pension Fund of the Russian Federation was to increase by 4%, however, by its letter No. 03-15-06 / 54260 d.d. 01.08.2018, the Ministry of Finance canceled this increase and from 2019 the amount of payments will remain unchanged at 22 %;
- in 2019, representatives of small businesses located on the simplified tax system, the amount of income remained unchanged. Despite the fact that the deflator coefficient is introduced annually in order to change the revenue, its growth is “frozen” until 2020;
- starting 01.01.2019, the cancellation of the deduction for the transport tax in the amount of the payment for the damage that is caused to the roads of federal significance by heavy

trucks. In this regard, the restriction on accounting for income tax expenses and the entire amount of the fee can be taken into account as part of other expenses;

- starting 01.01.2019, the value of the coefficient-deflator (K1) for STII increased from 1.868 to 1.915. Moreover, an individual entrepreneur can use a tax deduction of 18 thousand rubles when switching to using the online cash register;
- between 01.01.2019 and 31.12.2028, in such regions as Moscow, Moscow and Kaluga Regions, and Tatarstan, a new special tax regime was introduced for the self-employed population - a tax on professional income. The main goal of such a pilot project is to bring as many self-employed out of the "shadow" as possible. Individual entrepreneurs and legal entities must pay 6% of income to the budget; exemption applies to taxes such as personal income tax (PIT) on income that is taxed on professional income; VAT (except for "import") and insurance premiums (voluntary transfer);
- starting 1, 2019, the final stage of the transition to online cash registers for the remaining individual entrepreneurs and legal entities is ending.

These changes in tax legislation will lead to an increase in the tax burden and, consequently, to an increase in the share of small businesses in tax revenue of budgets.

Conclusion

According to the results of our analysis, the share of small businesses that apply special tax regimes and pay tax on total revenue amounted to:

- in the amount of local budget revenues (Magadan) - from 3 to 9%, in the total amount of tax revenues of the local budget from 12 to 23%. Moreover, the largest share of special tax regimes is accounted for by STII - more than 80%;
- in the total amount of income of the regional budget (Magadan region) - from 1 to 2%, in the total amount of tax income - from 1 to 4%;
- less than 1.5% in the consolidated budget of the Russian Federation, less than 5% in the consolidated budgets of the constituent entities of the Russian Federation.

Thus, taxes paid by small businesses do not play a significant role in the generation of the revenue side of budgets of different levels.

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