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NEW MODEL OF TAX ADMINISTRATION. CHANGE OF PARADIGM

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Abstract

This contribution deals with a new «partnership» model of tax administration, which is based on mutual trust, dialogue, transparency and cooperation between tax authorities and taxpayers. The main goal of the contribution is to confirm the hypothesis that the most important aims of tax policy in any state are to avoid tax quarrels and to enforce cooperation through constructed interaction between the taxpayers and the tax collectors. The study is based on empirical methods of comparison, description and interpretation, theoretical methods of formal and dialectical logic, and specific scientific methods: legal dogmatic method and method of legal norm interpretation.

Key words

tax; law; cooperation; responsive regulation; compliance;

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1. Introduction

Today the most important aims of tax policy in any state are to avoid tax quarrels and to enforce cooperation through constructed interaction between the taxpayers and the tax collectors. To realize these aims, it is necessary to create a new model of such an interaction, which is based on the following principles: mutual trust, dialogue, transparency and cooperation. It is vital to put into place and to continually develop a «client-oriented» approach in the tax administration process.

Over the last few years, concepts relating to relationships between the government and private actors are becoming more and more popular in literature on taxation. In this context, Valery Braithwaite states: «In the past, tax administrations, like customs and excise authorities, have embraced the organizational identity of a command-and-control operational system to accomplish their mission of catching "the scoundrels", who do not pay their tax. The functionality of this approach across the range of tax enforcement activities however, is no longer taken seriously for dealing with the complexity of contemporary commerce. Taxpaying is contestable, in terms of how much should be paid, how it should be collected, how it should be enforced, and how well it serves the public interest» (Braithwaite, 2007: 4).

It is a question of shifting emphasis in the area of government regulation and control towards a more indirect, stimulating impact, which is based on mutual trust, partnership, mutual understanding and obtaining compromises.

In the second half of the 20th century, the majority of humanitarian scientists had a cybernetic understanding of public administration as a unilateral impact of the regulators on those they regulated; such impact is carried out through vertical commands and the control of their execution and the subsequent adjustments. In humanitarian sciences, this type of model of government control has its terminology: «enforced compliance», «deterrence approach», «control-and-punishment», «antagonistic interaction», «cat-and-mouse game», «command-and-control regulation», «catch-me-if-you-can» and even «trench warfare» (Gribnau, 2015: 215–216).

A «classical» model of command-and-control authority is based on the requirement to establish clear, unambiguous rules of behaviour and on the demand for subordinates to comply with the rules through total control and a threat to persecution. Single-sidedness and a lack of efficiency of such means were highly

criticized by representatives from academic community, including lawyers-commentators.

Surely, we cannot also exclude the field of taxation, which appears as an arena for severe conflicts between those in power and the individuals. In the opinion of Hans Gribnau, the request to increase the effectiveness of tax administration by complicating tax legislation, «partly accounts for the popularity of the idea of fostering cooperative compliance to enhance voluntary compliance with tax law, and shows a (partial) shift away from the monopoly of the command and control style of regulation» (Gribnau, 2015: 192).

2. General provisions

2.1. The requirement of a new model and particularity in taxation

Today, there is a shift from the command-and-control management towards the partnership model of relationships between government and the population and it is carried out in all social and economic spheres. But in the area of taxation, there is unique particularity, which has its own effect on the overall trend of modern tax administration.

Apart from universal prerequisites, the shift away from administrator-authoritative government to the partnership model is conditioned by the «within-industry» factors, which are a characteristic mainly of tax law:

First of all, the scale of modern taxation is now such that on-site tax audit allows to cover only a small number of taxpayers. In addition, after the global financial crisis, there is a widespread desire to reduce costs for the functioning of the state bureaucracy. In these conditions, the «dispersion» of extremely limited government resources to control everyone becomes unjustified as the costs do not pay back the benefits. It is more productive to focus on the audit of taxpayers who belong to the «risk groups». On the contrary, those taxpayers who are committed to voluntary compliance and regularly demonstrate their willingness to cooperate in good faith with the tax authorities can expect less «attention» to them.

Secondly, in tax relations, the interests of taxpayers and public interests are rigidly opposed to each other. The divergence of these interests generates a multidirectional interpretation of tax norms, facts and circumstances. Quite often such interpretations are diametrically opposite. In these conditions, any «zone of uncertainty» in tax laws will be interpreted by stakeholders in their favor, that is, to their own advantage. Here we have a situation where actors tend to exploit any

opportunity of choice, due to the availability of a number of legal alternatives. Taxpayers and tax authorities should reduce uncertainty in tax law jointly, on a compromise basis. Because it is possible to avoid tax disputes, especially judicial disputes, only when the agreed tax rules are reached ex ante, that is already in the early stage of tax planning. This requires overcoming the psychological barriers of mutual distrust and even antagonism between fiscal authorities and taxpayers.

Third, we must not forget that tax law as an extensive class of principles, norms and judicial precedents extensively expands and at the same time qualitatively becomes more complicated. Such dynamics is caused by the complication of the internal structure of society, accelerated changes in the economy, the processes of globalization and dozens of other determinants. It is correctly stated that «…modern society is complex. Tax law cannot but reflect the complexity of societies, having to attach legal consequences to all kinds of facts and actions. Some tax law is even extremely complex. A typology of tax law complexity may distinguish between complexity through elaboration and complexity through attempted precision» (Gribnau, 2015: 228). Even specialists cannot understand the intricacies of tax norms and legal constructions, what can we say about ordinary individuals! We have paid attention that the majority of tax offenses are committed through negligence, that is, because the violator misinterpreted the norm and incorrectly applied it in practice, mistakenly believing that he acts lawfully and in good faith.

2.2. Taxation and the uncertainty in the law

Uncertainty is a perennial problem of law in general and tax law in particular. Scott Baker and Alex Raskolnikov state that «few things are certain in life, and the legal system is not one of them. In a perfectly certain world, all laws would be clear, their application to the facts in each case would be unambiguous, as would be the facts themselves, all violations would be detected and punished, and sanctions would be fixed and known to everyone in advance. The reality, of course, is very different» (Baker, 2017: 24).

Today, issues of legal uncertainty are central to the tax-law science. This is due to the following:

First, the tax law is characterized by significant restrictions on human rights – especially the right of ownership, which requires clarity and certainty in establishing the rights and obligations of all participants in tax relations. In addition, it is required to establish clear and understandable procedures for control,

audit, enforcement and seizure of property. The tax law is the law of procedures. Therefore, the ideas of formalism are so strong with respect to the interpretation and application of tax rules. Taxation always means extrajudicial deprivation of property belonging to private actors. The state here cannot rely solely on a sense of duty, conformism, patriotism, rational understanding of the need to pay taxes and other internal sources of incentive motivation. The rigid restriction of basic human rights, connected with such institutions as accounting, control, collection of penalties, fines and arrears, is at stake here. The possibility of applying measures of legitimate coercion is an indispensable guarantee for the lawful and conscientious implementation of tax rules. At the same time, the more detailed are the procedures for the application of state coercion in tax laws, the more respected human rights are. Moreover, being uncertain, the tax law is not able to perform the function of distributing the burden of public expenditure on the basis of the principles of justice, equality and the universality of taxation.

Secondly, the texts of tax laws are complex for perception, they contain significant economic content (White, 1990: 342–344; Pollack, 1994: 319–359; Givati, 2009: 144–145; Raskolnikov, 2012: 3). Chris Evans, Judith Freedman and Richard Krever write about this as follows: «The complexity of tax law, like the complexity of the commercial world to which it applies, often seems to increase in an exponential fashion, placing ever more pressure on taxpayers, tax advisers and tax administrators» (Evans, 2011: V).

Thirdly, the tax legislation, in comparison with other branches of law, is characterized by high dynamics of changes introduced into it. Tax reforms continue uninterruptedly – almost daily – and therefore the tax legislation is subject to a large-scale «turbulence». The desire of legislators to ensure compliance with the tax norms of a rapidly changing reality leads in practice to continuous tax innovations – sometimes revolutionary ones (so-called «legislative inflation»). Permanent tax reforms produce increased risks in terms of compliance with the requirements of legal certainty, consistency, stability and predictability of tax law.

Fourth, the tax law differs by acute politicization and conflictual nature of tax interactions, which are based on the discrepancy (sometimes – antagonism) of the positions of the parties in interpreting and applying tax rules. Payment of a tax always means the unilateral alienation of a portion of the taxpayer's property to the budgetary system for the purpose of financing the activities of the State and (or) municipalities.

It seems that it is the uncertainty of the tax law that requires cooperative relationships between tax administrators and taxpayers regarding joint analysis of the content and meaning of tax rules. Moreover, it is more effective to implement such an analysis preventively, i.e., at the tax planning stage of transactions and businesses. In the conditions of command-and-control model, fixed on the paradigm «You run away – I'm catching up», it is very difficult to do this. The taxpayer and tax authority should become not antagonists, but in some way equal partners, mutually interested in cooperation and trusting each other.

And here, if not to reconsider, then at least a new look at the generally accepted postulate of the conflictual nature of tax relations is necessary. As we indicated above, the discrepancy between the interests of the owners and the treasury is an objective reality. However, the «conflict of interests» can be mitigated by the mutual interest of all parties in the correct interpretation and application of the tax rules.

It should be recognized that actors with opposite interests are fully capable of developing a consensus on fundamental tax issues, if they focus on interaction, rather than on confrontation. Both parties will benefit from the elimination of uncertainty regarding the content of tax rules applicable to transactions planned by the taxpayer. Of course, the transition to the model of partner tax administration is impossible without changing the tax mentality and creating an atmosphere of mutual trust and mutually beneficial cooperation.

2.3. The shift from «influence» to «interaction»

In recent decades, the scientific community has been developing new approaches to public administration based on shifting the emphasis from «influence» to «interaction» between managers and manageable actors. By the beginning of the 21st century, the «tectonic shifts» had taken place in the understanding of the evolution of public administration. Most modern states have become aware of the need to treat individuals as «equal partners», even – clients.

According to Mark Barton «optimal regulatory outcome could be achieved, it was argued, by creating regulatory partnerships between regulators and regulatees which would leave the community largely to regulate itself, with the regulatory "big sticks" wielded by the regulator for those few who demonstrated the most egregious of non-compliant behavior» (Burton, 2007: 72).

Relations between state bodies and the population are now increasingly being considered in the context of bilateral cooperation, where the state renders public

services to citizens, and the latter finance the state apparatus at the expense of taxes and evaluate its activities in democratic elections in a manner similar to how shareholders assess the results of the management of a commercial organization. With the help of taxes, the population «buys» the state services to get a whole set of social needs. Here a taxpayer acts as a client, and therefore he is qualified to talk about a client-oriented approach to the activities of tax authorities.

2.4. The Responsive Regulation Concept

In the context of the transition from command-and-control management to the partnership model of tax administration, the responsive regulation concept, which became known after the publication in 1992 of the book by the Australian authors Ian Ayres and John Braithwaite, "Responsive Regulation: Transcending the Deregulation Debate", is of interest. The main thing in this concept is mutual trust of the parties and a conscious desire for cooperation by the regulatee with the regulator. At the same time, trust is defined as «a relationship where the other player can be taken at his or her word, where there is a commitment to honest communication, to understand the needs of the other, to agreed rules of fair play and a preference for cooperation» (Burton, 2007: 86).

In addition to Ayris and Braithwaite, such authors as Julia Black, Robert Baldwin, Martin Cave, Gunther Teubner, Valerie Braithwaite, Neil Gunningham and others contributed greatly to the development of the responsive regulation concept (Perez, 2011: 743–778).

Adherents of this concept insist on pragmatic, context-dependent application of tax rules and on the constant evolution of tax administration, that is, different solutions should be offered depending on the facts and circumstances of each particular situation. «The responsive regulation approach is based on the proposition that effective enforcement requires a dynamic and gradual application of less to more severe sanctions and regulatory interventions. This range of sanctions and interventions balances traditional authoritarian deterrence with strategies that rely on persuasion and encouragement through three states of communication: cooperation, toughness, and forgiveness» (Leviner, 2009: 385).

In the discourse, categories such as «fair play», «mutual respect», «voluntary compliance», «co-operative compliance», «regulatory conversations», «interpersonal nexus» and others are often used. «The hallmark of responsive regulation is the pursuit of cooperation by the regulatee with the regulator» (Burton, 2007: 74). Co-operative compliance, according to Gribnau, «symbolizes a kind of "horizon-

talisation" in the tax relationship – co-operation on a more equal footing than in the traditional command and control model» (Gribnau, 2015: 184). Tax authorities and taxpayers should not perceive each other as enemies leading a positional «trench war».

The task of the regulator in this model is to encourage taxpayers to partnership with the tax authorities and voluntary compliance with their tax obligations. The achievement of the tax administration set before them depends on the compliance of taxpayers, which stimulates tax officials to constantly increase such compliance. At the same time, the managerial impact should be differentiated (sometimes using the terms «calibrate», «scale» (Ford, 2013: 14–29)), depending on whether it is, or in good faith, a taxpayer observes the rules of tax legislation, that is, the intensity of management influence (including control and sanctions) to directly depend on its treatment of «addressees» of such influence. According to Vibeke Lehmann Nielsen and Christine Parker, as a result of this, a person who will be subject to «responsive regulation» will evaluate the control and administration procedures more positively, have a more positive attitude to the regulator and compliance and, most importantly, will comply with laws better than the person who is not subject to sensitive regulation; the policy of sensitive regulation is a «socially reasonable» way of reacting the regulator to the operation of a regulated (Lehmann Nielsen, 2009: 377––379).

2.5. The Compliance Pyramid Metaphor

In the field of taxation, the responsive regulation concept is supplemented by a metaphor of the so-called «compliance pyramid», developed and proposed by Iris and Braithwaite. The essence of it, according to Judith Freedman, is this: all taxpayers in terms of compliance with tax rules and principles form a specific «pyramid» (Freedman, 2012: 630–631).

Most taxpayers do not look for loopholes in tax laws, but voluntarily and conscientiously fulfill their tax obligations – and it is they who are the «broad», i.e., the bottom foundation of the pyramid. In relation to such taxpayers it is appropriate to use administration based on cooperation and trust (for example, giving advice and clarification, and also timely "correcting", and not instantly punishing them for the slightest violations (Freedman, 2012: 630–631)).

At the top of the pyramid there are malicious offenders inclined to evasion from paying taxes; in relation to them, it is expedient to apply intensive tax control and sanctions.

The middle space is occupied mainly by «wavering» taxpayers, who generally want to comply with tax laws, but who may need to be «pushed» to compliance behavior through additional motivation or persuasion. In a situation where the tax law remains insanely complex and rife with uncertainty zones (in Friedman's terminology – «gray areas» blurring the line between violation, abuse of law and «acceptable» tax optimization), such «average» taxpayers may resort to aggressive tax planning, reasonably believing that they are acting within the law (Freedman, 2012: 630–631). Since this optimization does not always correspond to the approaches and interpretations developed by the tax authorities, intervention of courts is required, which in some cases can support the position of the taxpayer, and in others – the position of the tax authorities (Freedman, 2012: 630–631).

2.6. The Responsive Regulation Concept as an Addition to the Traditional Model of Tax Administration

It is important to note the following: the responsive regulation concept does not reject the classical principles of economic analysis, which treat taxpayers as rational subjects seeking to maximize their benefits; such taxpayers weigh the pros and cons before deciding whether to break the law or refrain from violating it. But supporters of this doctrine make a step forward, including in the analysis new factors through which society, morality and ethics influence the behavior of taxpayers. In some situations, the individual can be motivated to comply with the law by expecting benefits, in others – by a sense of responsibility to society, the desire to comply with social rules or avoiding psychological stress in communicating with tax authorities, as well as the desire to correct the unfairness of the tax system, etc. It is also about ways of formation of compliance in the relationship between taxpayers and tax authorities.

Leviner comes to a justified conclusion: «An enforcement strategy grounded in punishment or persuasion alone is fundamentally deficient as it will either undermine the good will of taxpayers or be exploited by their sense of greed. Both persuasion and punishment have strengths and shortcomings in delivering compliance. The key to successful regulation is therefore not to decide between one approach or the other but to establish a workable compromise between the two such that these strategies complement each other» (Leviner, 2009: 421).

Thus, the elements of the «responsive regulation» do not completely replace the traditional methods of tax control and responsibility, but they are a kind of addition to them and sometimes are very effective. Moreover, the redistribution of control resources towards taxpayers making up «risk groups» makes it possible

to increase the effectiveness of tax control, which makes the tax system more fair and, in turn, the «average» taxpayer (in the terminology of the «compliance pyramid») is increasing the desire to cooperate with the tax authorities.

2.7. The Communicative Style of Regulation

Hans Gribnau, Willem Witteveen and a number of other commentators offer the «communicative style of regulation» concept that is very close to the responsive regulation concept and which focuses on communications and dialogues between tax authorities and taxpayers. Both sides here are viewed more as equal partners in order to increase voluntary compliance on the part of taxpayers.

The tax authorities recognize the need for fair treatment of taxpayers, as well as the need to treat them as equal partners, sometimes even as their clients. «Client-oriented» approach, according to Gribnau, contributes to creating an atmosphere of partnership, mutual trust and voluntary cooperation. «Tax administrations cannot fulfil their tasks without a considerable degree of compliance, which in its turn is difficult to achieve in the long term without co-operation and trust. Both are essential to another important value in taxation: (legal) certainty. … Voluntary compliance evidently contributes to an easier and more efficient application of tax law» (Gribnau, 2015: 183–184, 188). Careful service, information, education and advice can simplify compliance for taxpayers. When the general level of awareness of the letter (and spirit) of tax laws is raised, which sometimes is quite difficult to understand, a better understanding of taxpayers of their tax rights and obligations can increase the actual compliance. As a result, the total number of unintentional tax offenses will be steadily reduced.

The general idea is that communication-based and consensual-based techniques are important tools to secure compliance. The reward for the complying taxpayer is less supervision and therefore a lower administrative burden (Gribnau, 2015: 188, 190). Gribnau draws attention to the fact that taxpayers and tax authorities are mutually dependent on each other. On the one hand, tax authorities require information about relevant facts and circumstances provided by taxpayers; in turn, taxpayers need information from tax administrations regarding the interpretation and application of tax rules (Gribnau, 2015: 205). Ultimately, the term «reciprocity» comes to the fore, which is interpreted by the author as «an expression of mutual dependence and the need for cooperation at the political, societal and legal level between different parties, namely the sovereign, citizens, tax administration and taxpayers» (Gribnau, 2015: 192).

The state, writes Gribnau, can influence the behavior of the regulatees either referring to the appropriate formats, or to the conscience of citizens or their sense of decency. The first style of regulation is the traditional command-and-control regulation, which is characterized by the dominance of the hierarchy and the monopoly on the establishment of legal norms (Mцrth, 2004: 1). Communicative style of regulation, on the contrary, relies rather on persuasion than on punishment. Tax authorities must constantly convert the most complex tax laws into understandable information for taxpayers. Therefore, something can be said about something: between state officials, intermediary organizations and citizens.

The state, writes Gribnau, can influence the behavior of the regulatees either through officially issued and enforced directives, or by appealing to citizens' conscience or their sense of decency. The first style of regulation is the traditional command-and-control regulation, which is characterized by the dominance of the hierarchy and the monopoly on the establishment of legal norms. Communicative style of regulation, on the contrary, relies rather on persuasion than on punishment. Tax authorities must continuously transform very complex tax laws into understandable information for taxpayers. «The legislature does not intervene directly in social reality, but lays down in the law a fundamental value (…) in order to promote a gradual change in attitude and behavior within the legal community» (Witteveen, 1999: 1275).

Communicative regulation, according to Gribnau, depends on reciprocal interaction rather than unilateral commands and may be better capable of responding to the expectations, interests and preferences of a community; adequate communication helps taxpayers understand the sometimes very complex tax laws The essence of the concept is that «collaborative and trust based relationships between taxpayers and tax administrations are nowadays indispensable to ensure taxpayers' voluntary compliance, which in turn is vital to an efficient and legitimate enforcement of tax law» (Gribnau, 2015: 204, 206).

2.8. The Psychological Tax Contract Concept

The psychological tax contract concept was developed by Lars Feld and Bruno Frey (Feld, 2007). The concept is based on the idea that it is not enough to use traditional instruments such as intimidation and tax control to establish and maintain effective tax compliance. It is also important to use such an indicator as «tax morale». Tax morale is therefore a function of: (1) the fiscal exchange where taxpayers get public services for the tax prices they pay; (2) the political procedures

that lead to this exchange; and (3) the personal relationship between the taxpayers and the tax administrators (Feld, 2007: 115).

According to the authors, there should be an unspoken tax agreement between the state and taxpayers – so-called «contractual metaphor», in which both sides of such a treaty perceive each other as counterparts and relate to each other with mutual respect. Citizens and the state, according to Feld and Frey, develop their fiscal relationships according to a psychological tax contract that establishes fiscal exchange between taxpayers and tax authorities. It reaches, however, beyond pure exchanges, and involves loyalties and ties between the contract partners (Feld, 2007: 115).

Tax officials should not perceive taxpayers as persons standing below them on the hierarchical ladder. Respectful attitude towards taxpayers strengthens the influence of emotions on the compliance behavior of the latter. The tax authorities take into account that the way they treat the taxpayers systematically affects the latter's tax morale, and therefore their willingness to pay taxes, which in turn affects the costs of raising taxes (Feld, 2007: 116). «All in all, the evidence suggests that an exclusive reliance on deterrence is not a reasonable strategy to increase tax compliance» (Feld, 2007: 109).

3 Practical Implementation of the Responsive Regulation Concept at the International and National Levels

3.1. OECD

In the international context, the OECD is the main catalyst and developer of new models of relationships between fiscal bodies and other actors. In recent years, the OECD has been making active efforts in this direction.

The OECD released a number of the Reports devoted to reforming tax administration only in the first half of 2016 (OECD Public Governance Reviews "Co-operative Tax Compliance", 2016; "Rethinking Tax Services", 2016: "Technologies for Better Tax Administration", 2016; "Advanced Analytics for Better Tax Administration", 2016). The objectives of the effective and targeted allocation of limited supervising resources, of reducing the operational costs of tax administration whilst improving the collection of tax payments and improving the quality of public services run like a golden thread through all the above documents. There is a growing recognition that public services are more effective when public services work in cooperation with individuals, relying on their interests, energy, experience and ambitions.

In its documents, the OECD uses the terms «enhanced relationship», «co-produc-

tion» and «cooperative compliance» to describe the direct participation of individual stakeholders and citizen groups in the planning, development, provision of public services and their subsequent evaluation (OECD Public Governance Review "Together for Better Public Services", 2016). Fiscal authorities are encouraged to adhere to «cooperative approaches» in relations with taxpayers, based on such principles as awareness, impartiality, openness, transparency and responsive response. At the same time, lawful behavior should be encouraged in every way, unlawful behavior should be subjected to increased discouragement.

This approach, according to the OECD, does not undermine the principle of equality before the law and the principle of equal treatment, which are fundamental for modern tax systems.

3.2. Russian Federation

The transition from traditional command-and-control methods to more flexible models of tax administration is gradually being implemented in Russia. And the point here is not limited to doctrinal discussion, it is about the practical implementation of the responsive regulation concept and its practical approbation.

3.2.1. Examples of the Implementation of Responsive Regulation in the Tax System of Russia

First of all, it is necessary to mention the institution of revised tax declarations (calculations), which allows eliminating mistakes and unreliable information in the reporting without threatening the use of tax sanctions (Art. 81 of the Tax Code). In the event that a taxpayer discovers inaccuracies or errors in a tax declaration which he has submitted to a tax authority and these inaccuracies or errors do not result in an understatement of the amount of tax payable, the taxpayer shall have the right to make necessary amendments to the tax declaration and to submit a revised tax declaration to the tax authority. In this respect, a revised tax declaration which has been submitted after the expiry of the established time limit for the filing of a declaration shall not be considered to have been submitted late (Art. 81, clause 1 of the Tax Code).

Circumstances in which a person may not be found guilty of committing a tax offence shall include, in particular, observance by a taxpayer (levy payer, tax agent) of written explanations concerning the procedure for the calculation and payment of a tax (levy) or on other issues relating to the application of tax and levy legislation which were given to that taxpayer (levy payer, tax agent) or to the public by a financial or tax authority or another authorized State government body (an

authorized official of such a body) within the limits of its competence (these circumstances shall be established by the existence of a relevant document of such a body which, in terms of its meaning and content, relates to the tax periods in which a tax offence was committed, irrespective of the date of publication of that document), and (or) the implementation by a taxpayer (levy payer, tax agent) of a reasoned opinion of a tax authority which was sent to it in the course of the conduct of tax monitoring (Art. 111, clause 1, subsection 3 of the Tax Code).

There are new contractual forms (for example, pricing agreement for taxation purposes, investment tax credit agreement, production sharing agreements, agreement on the creation of a consolidated group of taxpayers, etc.), which indicates the strengthening of discretionary elements in tax law.

3.2.2. Expanding the Range of Information Services

The use of modern information-and-communication technologies in the activities of tax authorities allows entrepreneurs and corporations not only to significantly reduce the costs of maintaining their staff, but also taxpayers to simplify the payment of taxes. Therefore, the expansion of the range of information services by the Russian fiscal authorities is a sign of time and a key factor in increasing the level of voluntary fulfilment by taxpayers of their obligations.

Today, throughout the world, the use of information-and-communication technologies and modern electronic systems by tax administrations helps taxpayers automate, simplify and accelerate the tax management processes. In Russia, a network of interactive online-services intended for taxpayers is actively developing. The latter include, above all, electronic services «taxpayer's personal office». According to expert estimates, the official site of the Federal Tax Service of Russia today is the most popular, informative and visited among the websites of state authorities, since it is visited by almost 3 million users every month.

Since January 1, 2015 in Russia, the transition to completely electronic document circulation with VAT taxpayers is carried out. Since December 2015, each taxpayer can file a complaint with the tax authority and receive a response through an electronic «personal cabinet». This innovation provides more opportunities for communication with tax authorities, simplifies the procedure for filing a complaint and allows you to promptly receive a response electronically in your personal account.

A qualitative breakthrough in the development of electronic services of tax authorities is an important factor in improving Russia's position in the world rank-

ing of the Doing Business of the World Bank and the International Finance Corporation. In addition, the exclusion of personal contact of tax authorities with taxpayers and the transition to «contactless communication» allows to reduce corruption-related factors in the field of taxation.

To improve the quality of tax administration, it is required to continue work on expanding the possibilities of the electronic document circulation between the state, business and the public. The development of this approach significantly improves the efficiency of public administration, the competitiveness of the economy, and the comfort of taxation in the country.

3.2.3. Risk-oriented Approach to the Ordering of Tax Audits

A clear example of responsive regulation is a risk-oriented approach to on-site tax control. At present, the Federal Tax Service of Russia has accepted and regularly updated so-called «Common criteria for self-assessment of risks for taxpayers, used by tax authorities in the process of selecting the subjects for conducting on-site tax audits». This recommendatory document offers taxpayers 12 criteria that clearly describe in which cases their activities can attract «increased» attention of regulatory authorities. Such criteria are necessary for a taxpayer to self-assess his business in terms of the risk of on-site tax audit and they have a significant impact on the company's tax planning system.

What is the advantage of such a tool for selecting subjects for tax audit? Its use forms the basis for an informal public «contract» between tax administrators and taxpayers, which reduces the risks of tax disputes and conflicts. If the taxpayer does not comply with these recommendations, he falls into the «risk zone» of the on-site tax audits, which is undesirable for each taxpayer. And, on the contrary, if a taxpayer faithfully complies with the recommendatory criteria, he will avoid an on-site tax audit with a high degree of probability.

As practice has shown, the application of the risk-oriented approach is extremely effective: with an annual reduction in the total number of on-site tax audits, the amount of additional charges increases. There is a tendency: the fewer tax audits, the more additional charges! This is explained simply: the decrease in the number of audits is due to the weakening of control over compliant taxpayers and the transfer of attention of tax authorities to taxpayers located in «risk zones». Besides obvious saving of resources, this approach stimulates taxpayers to voluntary compliance and cooperation with tax authorities.

3.2.4. Tax Monitoring

An interesting innovation is the inclusion in the Tax Code of the Russian Federation of the tax monitoring model based on the principles of mutual trust, transparency and mutual understanding. According to the explanation of the Federal Tax Service of Russia, tax monitoring is a method of the expanded information interaction in which a taxpayer provides the tax authority with access to real-time data on his accounting, which exempts the company from in-house tax audits and on-site tax audits, but retains the possibility for the tax authority to check the completeness and timeliness of the calculation (payment) of taxes and fees.

The main thing in tax monitoring is the prompt receipt of objective information about the relevant current activities of the taxpayer. Thus, through the tax monitoring procedure, the taxpayer informs the tax authorities about the planned transactions and activities online, thereby strengthening his image of a bona fide partner in tax relations. In response to voluntary disclosure of information, the taxpayer is guaranteed to provide operational advice on complex issues of interpreting and applying tax rules, as well as «weakening» tax control.

The initiative of participation in tax monitoring comes directly from the taxpayer himself. The latter has the right to choose whether to regularly submit to tax authorities in electronic form the documents and information that serve as the basis for calculating taxes, or provide the tax authority with access to its information systems for conducting preventive tax control.

Tax monitoring involves relations of mutual trust and cooperation, where the task of the tax authorities is to help the interested taxpayer to timely understand the intricacies of very complex and massive tax legislation. The unconditional dignity of tax monitoring is the shift of emphasis from the subsequent tax control to the preliminary one. Thus, the practice of coercion and punishment, which is traditionally applied by tax authorities as a priority method of tax administration, gives way to the regime of prevention of tax violations.

The tax authority receives on-line access to the information (documents) of the taxpayer already at the stage of planning business-processes. This allows them to give a legal assessment not ex post, but even before making relevant transactions. In turn, the taxpayer in the process of tax planning can know in advance the position of tax authorities in relation to a specific transaction, assess – ex ante – actual risks of potential tax additional charges and adequately predict his own activities. All this together contributes to the reduction of «zones of uncertainty» in the

area of taxes and fees, the prevention of tax offenses, as well as helps to reduce the overall level of tax disputes and conflicts.

Thus, the main advantage of tax monitoring is the settlement of disputed situations even before the beginning of control measures, and even more so before their consideration by the court. Cooperation and dialogue based on mutual respect, openness, trust and mutual understanding are the essence of this new form of tax control. The implementation of tax monitoring should significantly increase the level of certainty in the tax law system. Thus, the attractiveness of the Russian tax system in the conditions of international competition for attracting investments, capitals and skilled labor resources will steadily increase.

4. Conclusion

To summarize, we quote the words of Mark Burton that «cooperative compliance is a model of quantum shift in the taxpayer and tax administration relationship» (Burton, 2007: 103). Sagit Leviner is reasonably convinced that the ubiquitous transition to a model of responsive regulation marks the beginning of a new era of tax enforcement (Leviner, 2009: 386). In these circumstances, the efforts of tax administrations should be aimed at providing targeted support and promoting voluntary cooperation of taxpayers with tax authorities.

Today, the tax systems of modern states are undergoing serious transformations, responding to the challenges of the 21st century. In the structure of the command-and-control model based on vertical hierarchies and unilateral-and-authoritative influence with priority of enforcement facilities, elements of partnership cooperation are actively built in, based on the principles of «client-oriented service», pre-trial settlement of tax disputes, mutual trust, openness, voluntary compliance and mutually beneficial «exchange» regulatees with regulators ones. It seems that such modernization of tax administration is a non-alternative response to the current economic, political and social threats and risks posed by time both to each individual state and to the world community as a whole.

There is a reason to be cautiously hopeful and optimistic about these trends in Russian tax law and tax administration and that such trends will not be a «fleeting» hobby, but a long-term strategic foundation. The obvious trend is that the tax law today becomes more flexible, dynamic, discretionary, and sensitive to changes in the objects of legal regulation. Instead of rigid rules and imperative models, more flexible legislative models are increasingly being implemented today and in practice the testing of the principles of good faith, equality, proportionality, and

the rule of law continues. The latter were yesterday considered abstract declarations, and today they are the guide to action.

So, tax administration should be expressed not in the opposition of the taxpayer to the tax authority, but in their interaction and cooperation. The shift to the partnership model of tax administration contributes to its optimization in terms of budget expenditures and administrative costs, allows to reduce the total number of tax disputes, and gives taxpayers confidence that their tax strategies correspond to the letter and spirit of the law. It is obvious that if the taxpayer starts to receive more income through the interaction with the tax authority, then the growth of his welfare inevitably entails an increase in tax revenues to the budget. These trends are especially relevant in the context of the growing crisis in the global economy, as well as in the context of the constant complication and updating of tax legislation, which forces taxpayers from time to time to balance on the borders of legal tax optimization, abuse of law and tax crimes.

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