

THE ROLE OF LAND TAX IN THE EFFECTIVE LAND USED*Svetlana V. Salmina**Kazan Federal University, Institute of Management, Economics and Finance**Aigul R. Khafizova**Kazan Federal University, Institute of Management, Economics and Finance**Marina E. Orlova**Kazan Federal University, Institute of Management, Economics and Finance**Farida F. Adigamova**Kazan Federal University, Institute of Management, Economics and Finance**Venera I. Nasyrova**Kazan Federal University, Institute of Management, Economics and Finance*

Abstract. This article presents the main approaches to ensuring the effective use of land from the point of view of taxation. The implementation of the regulatory function of land tax is due to its economic essence. Land tax is a direct tax, which is related to the economic potential of the taxpayer. The impact on land tax elements plays an important role in effective land use. Taxpayers are interested in strict compliance with the purpose of land plots, as the size of their tax liabilities depends on it. The analysis of land tax revenues to the budget system of Russia is made, the role of land tax in the revenues of local budgets is demonstrated, the factors affecting the dynamics of land tax revenues are identified. The actual aspects of the practice of calculation and payment of land tax by legal entities and individuals on the example of administrative-territorial units of the Republic of Tatarstan are considered. Conclusions are drawn about the need for further improvement of land taxation. The proposed solutions to the problems of calculation of land tax are associated with the revision of benefits. Benefits should encourage effective use of land. This will allow the budgets of local authorities to stimulate the growth of the tax base for land tax, strengthen their own revenue sources and strengthen financial independence.

Keywords: land resources, land use, land taxation, local authorities, local budget, land tax, tax benefits.

1 Introduction

The organization of state policy in the field of reproduction, use and protection of natural resources is becoming an inevitable condition for the successful implementation of economic reforms in our country. The land tax occupies a special place in the tax system of the Russian Federation. Despite the relatively low share of the land tax in the total amount of revenues, it is certainly an important source for forming the local budgets.

The territory of Russia is about one-eighth of the world's land. We occupy the third place in the world in terms of land availability and land area per capita, but the condition of our land resources is assessed as unfavorable, a significant part of them needs a fertility restoration. Therefore, payments for the use of land plots should not only become the sources of budget revenues, but also become a source of income for an extra-budgetary fund, the funds of which would be directed to both the restoration of land resources and their protection [1, p. 103].

To create a stable economic development of the country, one of the main goals of state policy is the involvement of land resources in the economic circulation and an increase in the efficiency of their use. The main reasons preventing the implementation of this goal are the unresolved problems in the field of reforming the land relations and land payments.

The relevance of the chosen topic is confirmed by the fact that in modern conditions the solution of these problems is related to the increased role of land taxation in the formation of budget revenues, as well as the need to ensure the property interests of both individual persons and legal entities in the taxation process. Therefore, the improvement of land tax is particularly important for the economic development of the country. At present, this issue does not have a high degree of development, but it is of increasing interest to the scientists in Russia.

2 Materials and methods

The land tax is a local tax and one of the sources of revenue part of local budgets in accordance with budget and tax legislation. The land tax crediting to the local budgets is due to the peculiar legal status of these budgets in the financial system. On the one hand, the local self-government bodies are not part of the system of state power and administration of the Russian Federation, the respective incomes received by them are not state and are spent directly for the needs of a particular municipal entity by themselves. However, on the other hand, the budgetary system of Russia is a single whole, and the local budgets are an integral part of it, and with the least amount of income. This leads to the need for constant interaction of budgets of different levels of the budget system, as well as financial assistance from the higher budgets to the budgets of municipal entities.

The budget revenues are the result of distribution of the value of social product among the various participants in the reproduction process and are the object of further distribution of the state value concentrated in the hands, since the latter is used to form the budget funds for the territorial, industrial and special purposes. Therefore, the budget revenues are an important part of the budget system and the economy as a whole [2, p. 1790].

For the purpose of the most detailed study of the dynamics of state revenues from the land tax, we first turn to the data presented in Table 1, in which the land tax is presented in the consolidated budget structure of the Russian Federation.

Table 1. The amount of tax payable to the consolidated budget of the Russian Federation by the legal entities for the period of 2011-2014 [3]

Tax	2011		2012		2013		2014	
	Amount, (billion roubles)	Relative share, %	Amount, (billion roubles)	Relative share, %	Amount, (billion roubles)	Relative share, %	Amount, (billion roubles)	Relative share, %
Land tax	123.1	1.6	128.4	1.6	143.3	1.8	161.3	1.8
Transport tax	21.7	0.3	23.6	0.3	25.4	0.3	28.7	0.3
Corporate property tax	485.4	6.3	551.8	6.8	625.2	7.7	655.4	7.4
Total budget revenues	7,644.2		8,064.5		8,165.1		8,905.7	

Having analyzed the presented table, we can see that the land tax is not the most significant in comparison with other presented tax payments according to its fiscal value relative to the total revenues of the consolidated budget of the Russian Federation. During the period under review, its share is in the range of 1.6-1.8 percent of all revenues of the consolidated budget. Its relative share is significantly lower than, for example, the share of corporate property tax, which has averaged about 7% during the period under consideration; but the land tax paid by the legal entities is much higher than the transport tax, the share of which is very small, and has amounted to 0.3% of all revenues of the consolidated budget of the Russian Federation.

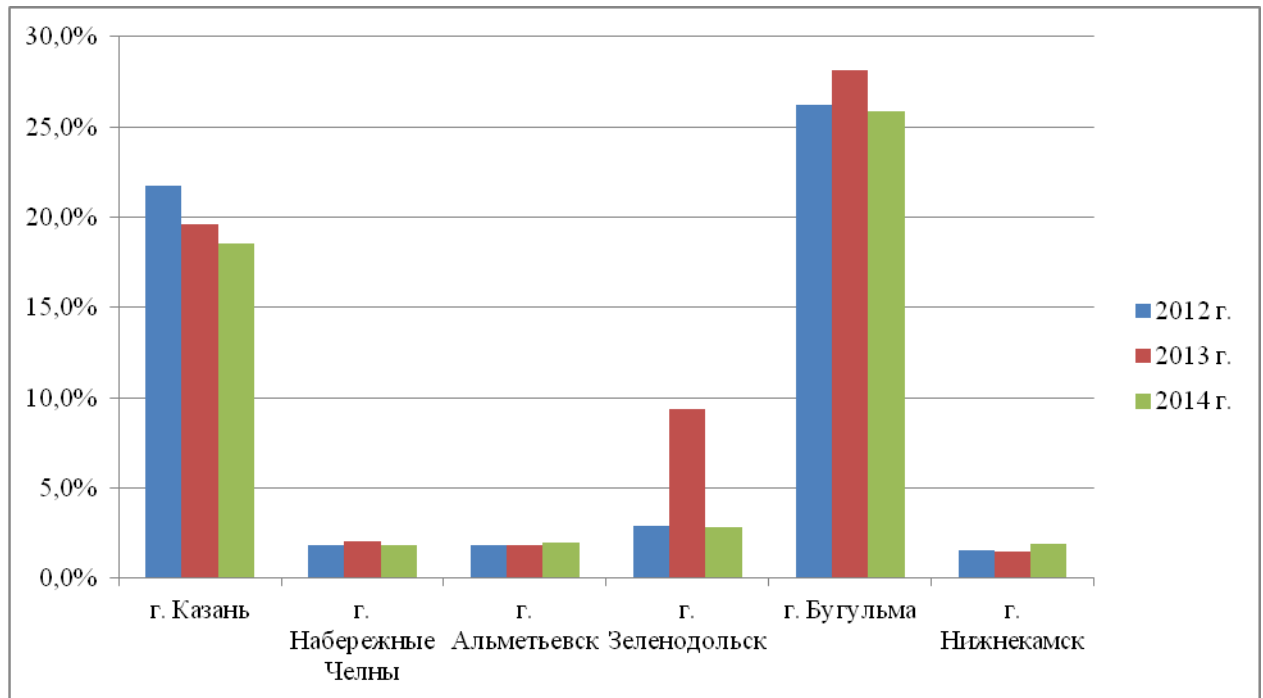
As for the collection of land tax, there is a positive trend, as there has been an increase in these tax revenues to the budget throughout the analyzed period. In the period from 2011 to 2014, the absolute increase in the land tax collection amounted to 38.2 billion roubles.

The relative share of land tax in the total revenues of the consolidated budget of the Russian Federation is also increasing. If the relative share of land tax in the total revenues of the consolidated budget was 1.8 percent in 2011, then this figure was 1.8 percent of all budget revenues in 2014. It should also be noted that this increase occurred against the background of an increase in the total budget revenues from 7,644.2 billion roubles to 8,905.7 billion roubles.

It can be concluded that, in general, the land tax is not the most significant in terms of its fiscal value relative to the total tax revenues of the consolidated budget of the Russian Federation. The thing is that the main role and economic essence of the land tax is manifested in the local budgets. There was a positive dynamics of tax collection, as well as an increase in the share of all tax revenues from 2010 to 2014. If the relative share of land tax was 19% in 2010, then it was already 22% in 2014. At the same time, the amount of tax collected increased by 63 million roubles in the absolute terms over the period under consideration. Most often they use land plots from the category "other land", the tax base of which is calculated at the highest possible rate (up to 1.5%). It is the tax from these categories of land and from legal entities that provides such high monetary indicators. The land tax rates in each municipality can be different and can be set separately by the local authorities. The main condition is that these rates do not exceed the limits established by the Tax Code of the Russian Federation [4].

In order to improve the accuracy of forecasting the budget revenues, many federal subjects and municipal entities use special methods of calculating the tax revenues when planning the tax revenues, taking into account the specifics of the respective territories. Many federation subjects develop their own calculation formula for each tax. These formulas for the land tax revenues can vary in different municipalities. From the point of view of the forecast practical application, it could be noted that the land tax is generally easier to forecast than, for example, the income tax, since the taxation object cannot move or disappear. For this reason, perhaps, a variety of the land tax forecasting methods also does not represent an advantage for the local budgets.

Due to the fact that the amount of tax collected from the legal entities is several times greater than from the individual persons, the analysis of budget revenues in the context of regions for 2012-2014, graphically presented in Figure 1, has revealed that the largest losses due to the provision of tax benefits to the legal entities in the Republic of Tatarstan are borne by the budgets of such municipal entities as Bugulma (the share of benefits from the income was more than 25% in the total amount of land tax for the period under consideration) and Kazan, the share of beneficiaries in which averaged to 20% for three years. The least granted were the following cities: Naberezhnye Chelny, Almetyevsk, Zelenodolsk and Nizhnekamsk.



г. Казань	Kazan
г. Набережные Челны	Naberezhnye Chelny
г. Альметьевск	Almet'yevsk
г. Зеленодольск	Zelenodolsk
г. Бугульма	Bugulma
г. Нижнекамск	Nizhnekamsk

Fig. 1. The structure of land tax beneficiaries in the context of municipal entities of the Republic of Tatarstan among legal entities for 2012-2014, in percentage [3]

A decreasing trend is observed only in Kazan among the legal entities of all the municipalities considered in terms of land tax benefits. If the number of beneficiaries from all taxpayers of this municipal unit was 21.8% in 2012, then this amount decreased to 19.6% in 2013, and amounted to 18.6% from all taxpayers among the legal entities in 2014. The number of beneficiaries remained either unchanged, or decreased or increased unevenly in the other municipalities examined for this period.

There are several categories of land that are taxed at different rates. Table 2 presents data on the structure of land tax charges among the legal entities, namely, depending on the land category for the period of 2011-2014.

Table 2 Report on the tax base and structure of land tax accruals on legal entities by land categories [3]

Tax	2011		2012		2013		2014	
	Amount, billion roubles	Relative share, %	Amount, billion roubles	Relative share, %	Amount, billion roubles	Relative share, %	Amount, billion roubles	Relative share, %
in relation to land plots referred to the agricultural lands or lands as part of agricultural use areas in settlements and used for agricultural production	4.8	3.9	5.1	3.9	6.2	4.3	7.7	4.8
in relation to land plots occupied by the housing stock and facilities of the engineering infrastructure of the housing and utility complex or purchased for housing construction	6.0	4.8	5.6	4.3	7.5	5.3	11.4	7.1
in relation to land plots purchased for personal subsidiary farming, gardening or livestock, as well as dacha	0.7	0.6	0.7	0.6	0.7	0.5	1.2	0.7
in relation to land plots limited in turnover in accordance with the order of the Russian					1.7	1.2	1.4	0.9

Federation, provided for defense, security and customs needs								
in relation to other land plots	111.6	90.7	117.0	91.2	127.2	88.7	139.4	86.5
Total	123.1		128.36		143.3		161.3	

This table shows that the largest amount of tax for all years has been brought by the category of other land plots. Its relative share in relation to other categories is about 90 percent on average. This is understandable, because, firstly, the highest tax rate is 1.5% in this category, and secondly, this category includes a huge amount of land that does not fit the parameters in other categories with a more favorable rate of 0.3%. Therefore, there are many litigation disputes in this field, just related to the land category definition.

As can be seen from the table data, the dynamics of tax receipt for all land categories is positive during the considered period. In 2013, there appeared an additional land category limited in turnover in accordance with the legislation of the Russian Federation in connection with the provision of defense, security and for the customs services. This slightly changed the ratio of relative shares of other categories, but the general situation remained the same.

The number of registered land plots presented in Table 2 shows that currently the formation of a land cadaster is continuing and this factor may be an additional source of growth in the tax revenues of budgets in Russia. At the same time, the growth rate of tax revenues on land tax is not decreasing. This means that in the future, the growth factor in the number of land plots will play a decisive role in the growth of tax payments on land tax.

It should be noted that the land taxation issues are very relevant in foreign countries. Thus, the following scientists pay their attention to such an issue in their scientific articles: Kalkuhl M., Edenhofer O. [5], Kornas K., Bornbaum C., Bushey C., Rosella, L. [6], Pierpoint S.J. [7].

3. Results and discussion

Thus, based on the above mentioned, it can be concluded that the land tax is not the most significant in comparison with other tax payments upon crediting to the consolidated budget of the Russian Federation. During the period under review, its share was in the range of 1.6-1.8 percent of all revenues of the consolidated budget. As for the collection of land tax, there was a positive trend, as there was an increase in these tax revenues to the budget throughout the analyzed period. In the period from 2011 to 2014, the absolute increase in the land tax collection amounted to 38.2 billion roubles for the legal entities of the Russian Federation. Despite the fact that the number of taxpayers among the legal entities is less, the amount of income from land tax that they carry to the budget is much higher. The main role and economic essence of the land tax is manifested primarily in the local budgets. Having considered the amount of land tax income in the budget of municipal formation by the example of Naberezhnye Chelny, we saw that the share of this tax in the local budget could reach up to 20% of all tax revenues, trailing only to the amount of income from the personal income tax.

The land tax rates in each municipality can be different and can be set separately by the local authorities. The main condition is that these rates do not exceed the limits established by the Tax Code of the Russian Federation. In the considered comparison, based on the example of three municipal entities, we have seen that the main division of land categories, using the regulatory tax function, is given to "other land" category by the local authorities, the rate of which can reach up to 1.5%. The rate for the land plots connected with the agricultural activities, as a rule, is lowered to 0.1-0.2% by the municipalities or they leave the maximum possible rate based on the Tax Code of the Russian Federation at 0.3%. The largest losses in connection with the provision of tax benefits to legal entities in the Republic of Tatarstan are incurred by the budgets of such municipalities as Bugulma and Kazan, where the share of beneficiaries has averaged about 25 and 20 percent, respectively, in the period under review. However, this figure did not exceed 5% in the remaining municipal entities, except for Zelenodolsk in 2013. In this period, it is accounted for about 9% of benefits. A decreasing trend was observed only in Kazan among the legal entities of all the municipalities considered in terms of land tax benefits. During the period under review, the share of beneficiaries from all taxpayers of this municipal entity decreased from 21.8% to 18.6% in 2012.

The dynamics of tax receipt for all land categories is positive during the considered period. The largest tax amount for all years was brought by the other land category. Its relative share in relation to other categories is about 90 percent on average. The overall dynamics of tax revenues from the land tax is positive, and it will also be possible to expect an increase in land tax revenues to the local budgets in the following periods. Also, the number of registered land plots is growing every year, which certainly positively affects the tax revenues to the budgets.

4. Conclusions.

Currently, the land tax is one of the main income sources of the municipal entities. In addition, the amount of this tax affects the personal disposable income of almost every citizen of the Russian Federation. It should be admitted that the income from the land tax is very small at the moment. This is due to the fact that the land tax amount does not depend on the financial activity results of the taxpayer, but depends only on the cadastral valuation, which is mainly influenced by the objective factors (location and size of the land plot, type and fertility of the land).

The Russian Federation has a huge land area. Therefore, the use of land in our country should be more effective than in many other states. Russia should strengthen control and encourage the use, protection and development of lands, as well as an increase in soil fertility [8].

It is necessary to note the difficulties existing with the collection of land tax and, as an improvement, in order to solve a number of problems, to propose the activities presented in Table 3.

Table 3 Problems of land tax and ways to solve them

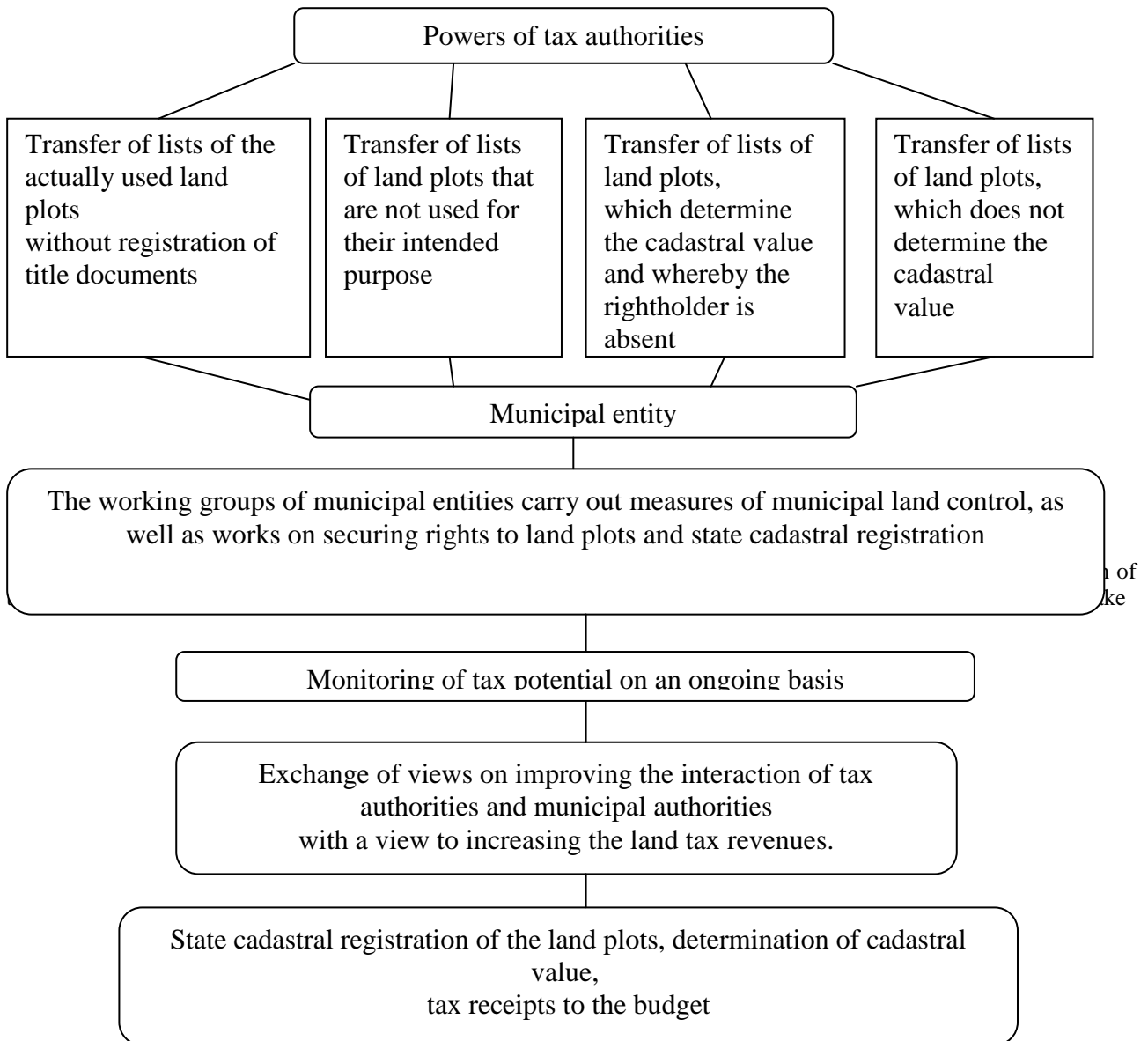
Problems	Ways of solution
The expected revenues from the land tax are put in the revenue part of the budget, starting from the upper limit of the rate established by the federal legislator; however, the local authorities calculate the tax based on the lower rates.	It is necessary to reassess the effective rates of land tax towards increasing and establish them in such amount that will correspond to differential rent associated with fertility and location of the land. These actions will contribute to better land use.
To conduct a cadastral valuation, the municipalities are forced to conduct it at the expense of local budgets with further compensation for these expenses or at the expense of additional financial resources from the federal budget, which, of course, presents certain difficulties.	It is necessary to discuss the issue of granting the right to evaluate the real estate facilities to the municipal property management committees for certain categories of taxpayers at the federal level.
Very often, the taxpayers deliberately do not submit a tax return in accordance with the legislation on taxes and fees.	In order to strengthen the measures for the tax legislation violation, it is necessary to amend Article 119 of the Tax Code, increasing the amount of fine for failure to submit a tax return by the taxpayer in accordance with the legislation on taxes and fees.
The use of different land plots not for the intended purpose, the lack of reliable information on individual land owners in databases.	Conducting activities on the interaction of tax authorities and municipal authorities for complete accounting for the taxable objects on land tax in each municipality.
The obsolete system of a non-taxable minimum of 10 thousand roubles for certain categories of citizens of the Russian Federation.	It is necessary to index the non-taxable minimum to 50 thousand roubles, but allowing this benefit to be used only for one land plot on the territory of Russia. At the same time, to increase the financing of incomes falling on the municipal entities by raising rates.

Having analyzed the table, we need to address some important issues of land tax. To increase the work effectiveness with this tax, it is necessary to study the data on land users in the municipal formation and to toughen the measures of responsibility for submitting the necessary information by the Federal Service for State Registration, Cadastral Records and Cartography (Rosreestr) to the tax authority.

In addition, it is possible to propose conducting in each municipality certain measures for the interaction of tax authorities and local authorities for complete accounting for taxable objects on land tax. Since a competent solution to the issue of increasing the land tax collection and replenishment of municipal budgets equally depends on how closely the tax authorities and municipal authorities interact.

The development of land relations is a process that is associated with objective changes in the productive forces and production relations among people. Therefore, it is quite natural to introduce new forms of land taxation. However, the whole problem, unfortunately, is that these forms of land taxation were legislatively regulated by the representative bodies of the municipal entities of the Russian Federation. There are already relevant targeted programs that are aimed at increasing the collection of land tax and rent, improving the effectiveness of land control by the municipalities in most regions of the country, in which all the problems are grouped in three main areas: increasing the tax collection, improving the collection of other revenues for the land use, improving the effectiveness of land control. Figure 2 shows the activities that can be included in the authority of tax authorities to increase the land tax collection.

The programs aimed at increasing the land tax collection, developed in various regions of the Russian Federation, stipulate the creation of a single electronic database of all land plots and analysis of data on land users available in the municipal entity [9, p. 30,10]. The task of the tax authorities is to increase the efficiency of administration, which can be achieved by introducing the new technological solutions and improving the analytical work.



measures to strengthen control by the tax authorities on the land misuse and the application of responsibility measures for the illegal land use. To increase the land control effectiveness, a special attention should be paid to agricultural land. For such lands, the highest possible rate is 0.3% in accordance with the Tax Code of the Russian Federation. However, these land plots can be used for other purposes, and, in this case, they should be taxed at a rate of 1.5%. To resolve this issue, we need a body that would check the land declared as agricultural, for compliance with those. [12]

5. Summary

Thus, the main areas for improving the land tax in Russia are primarily:

- increase in the land tax rates for vacant land;
- increase in the marginal tax rate for other land plots from 1.5 percent to 3 percent;
- establishment of more transparent criteria for cadastral valuation of land;
- increase of the non-taxable minimum to 50 thousand roubles with the provision of this benefit to pensioners;
- introduction of payment for the transfer of land from one category of use to another;
- release of land plots from the land tax payment as the scientific buildings.

The proposed directions for improving the land tax can help increase the size of land tax taxable base, the proceeds from land tax to the local budgets and, as a result, strengthen the own revenue base of the municipalities, increasing the level of their fiscal autonomy.

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