

## Modern system of taxation of real estate objects

El moderno sistema de tributación de los bienes inmuebles

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### ABSTRACT

Taxation has long been an integral part of the functioning of the state, and if earlier the so-called “taxes” were used exclusively for the ruling elite and the bureaucratic apparatus, today taxes, forming the state budget revenue item, are subsequently redistributed to support programs various spheres of society, be it medicine, education, science, etc. The article is devoted to the study of the modern system of taxation of real estate, in particular, the specific features of real estate as objects of taxation, the main types of property taxes, regulatory legal acts in the field of taxation, as well as the advantages and disadvantages of the tax structure of the Russian Federation.

**Keywords:** taxes, tax system, proportional system, real estate, the base rate

### RESUMEN

Los impuestos han sido durante mucho tiempo una parte integral del funcionamiento del estado, y si antes los llamados «impuestos» se usaban exclusivamente para la élite gobernante y el aparato burocrático, hoy los impuestos, que forman la partida de ingresos del presupuesto estatal, se redistribuyen posteriormente a programas de apoyo en diversas esferas de la sociedad, ya sea medicina, educación, ciencia, etc. El artículo está dedicado al estudio del sistema moderno de tributación de bienes inmuebles, en particular, las características específicas de los bienes inmuebles como objetos impositivos, los principales tipos de impuestos a la propiedad, actos legales regulatorios en el campo de los impuestos, así como las ventajas y desventajas de la estructura tributaria de la Federación de Rusia.

**Palabras clave:** impuestos, sistema tributario, sistema proporcional, bienes inmuebles, tasa base

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## 1. Introduction.

Taxation as a means of generating the main income of the state is an integral part of the functioning of any country, and, speaking of a particular tax structure, the term “taxation system” is used, which is understood as a certain set of relations and relations arising between the state and citizens (taxpayers) in about the size of accrual and payment of taxes (Budagov et al, 2016). Due to the construction of the tax system, there is a further redistribution of withdrawn funds both for the needs and maintenance of the administrative apparatus and power structures, and for the development of the industrial and agricultural sectors, medicine, science, education, culture and other integral parts of a “normally” functioning state. Based on this, it becomes obvious that the well-being and stable development of the country will largely depend on the flexibility and rationality of building a tax system (Real Estate Taxation, 2011: Osennyaya et al, 2017).

## 2. Specific features of real estate and taxes related to them

From the theory of taxation, it is known that real estate taxes occupy a special place among taxes, as the most stable source of their revenue in the state budget. Researchers in the field of tax systems identify a number of specific features inherent in immovable objects, in particular (Romanova et al, 2017: Federal Land Cadastre Service of Russia Land (Real Estate), 2001: Woltier et al, 2015):

- immobility, that is, the impossibility of moving an object without harming its shape or structure (immobility, fixed location);
- preservation by an object of its natural - material form throughout its entire existence;
- the need to register material rights (use, possession, disposal) for such objects, as well as the registration of some of them with state cadastral records.

It is due to such “special” features of real estate that taxes associated with it are always characterized as:

- direct, that is, levied directly from income or, in this case, from the value of the property of the taxpayer;
- theoretically defined as real taxes;
- levied according to the proportional system, characterized by the presence of a constant fixed rate.

As the main taxes on real estate, possessing all of the above characteristics, in our country there are property tax on individuals, property tax on organizations and land tax (Osennyaya et al, 2012: Osennyaya et al, 2011).

## 3. Value of tax rates for components of real estate tax

Returning directly to the systems of taxation, it is worthwhile to note that as the legislative basis for their formation come out the tax and civil codes of the Russian Federation, and also other normatively – lawful reports of federal and regional levels, including the separate decision of the subjects of the Russian Federation. The Civil Code gives a general idea of real estate, its features, and also legislates a list of objects that can be attributed to it (Civil Code of the Russian Federation, 2010). The Tax Code of the Russian Federation acts as the main legal act on the construction of the tax structure, according to which the following basic tax rates are established for all previously listed types of real estate taxes (Tax Code of the Russian Federation, 2011):

- or property taxes of organizations-the base rate is set by the subjects of the Russian Federation and may not exceed 2% in respect of objects with cadastral value, and 2.2 % - in respect of other objects (article 380 of the tax code);
- for taxes on property of physical persons (article 406 of the tax code) - the base rate established by the constituent entities of the Russian Federation and cannot exceed 0.1 % (apartments, houses, unfinished construction sites, garages, Parking lots, etc.), 2% (objects determined in the tax code cadastral value exceeding 300 million rubles) and 0.5% (other subjects of taxation) ;
- or land tax (article 394 of the tax code) - the base rate is also set by the subjects of the Russian Federation and may not exceed 0.3 % (agricultural land, housing land, personal subsidiary, horticulture, horticulture, etc.) and 1.5% (another land) (Osennyaya et al, 2017: Osennyaya et al, 2016).

#### 4. Dynamics of change of the amount of taxes on property (including real estate objects) entering the consolidated budget of the Russian federation

Property tax statistics are publicly available on the website of the Federal Tax Service of the Russian Federation. So, based on the information presented in the form of a report on the accrual and receipt of taxes, fees, insurance premiums and other obligatory payments to the budget system of the Russian Federation in form 1 - NM for the period from 2015 - 2019, table 1 is constructed.

Table 1.

Information on the composition and value of property tax accrued to the consolidated budget of the Russian Federation in the period from 2015 - 2019.

	For 2015 (as of 01/01/2016)	For the year 2016 (as of 01/01/2017)	For 2017 (as of 01/01/2018)	For the year 2018 (as of 01/01/2019)	For 2017 (as of 01/01/2018)
Corporate property tax	714 693 398	772 783 890	859,705,540	994 838 467	68 346 275
Share, %	65.0	65.0	66.7	68.7	75.3
Individual property tax:	31 949 092	47 886 590	56952491	69515270	180545
Share, %	2.9	4.0	4.4	4.8	0.2
Land tax	194 703 556	194 137 672	198 866 377	198 559 533	17 132 096
Share, %	17.7	16.3	15.4	13.7	18.9
Transport tax	156777842	173554921	172513538	182337565	4928223
Share, %	14.3	14.6	13.4	12.6	5.4
Gambling Tax	642509	846597	997820	1975878	151434
Share, %	0.1	0.1	0.1	0.1	0.2
Total (property taxes)	1098766397	1189209670	1289035766	1447226713	90738573

Based on table 1, a graph of the change in the value of the tax on property and its components in the period from 2015 to 2018 is built.

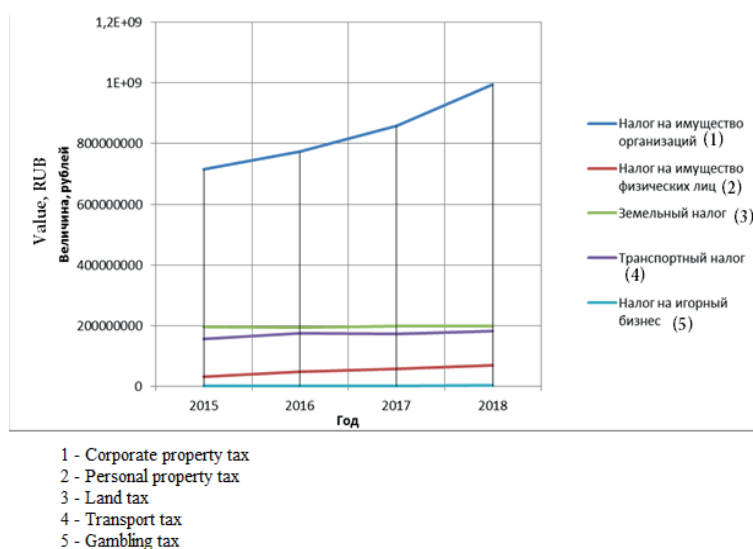


Fig. 1. Based on table 1, a graph of the change in the value of the tax on property and its components in the period from 2015 to 2018 is built.

Based on Table 1 and Figure 1, an increase in the property tax and its components (corporate property tax, personal property tax, land tax, transport tax, and gambling tax) becomes evident - which indicates an increase in the tax burden on the population (Osennyaya et al, 2017).

## 5. Summary

It is obvious that the tax system of the Russian Federation (including real estate taxes) is not perfect, and has both many advantages and a number of disadvantages highlighted by various researchers and analysts in the field of tax sphere, and often what some experts consider the “plus” of taxation, is perceived by others as a significant “minus”, and thus, certain contradictions arise.

As mentioned earlier, taxes in the Russian Federation are levied on the principle of proportionality and are based on a base rate. Proponents of the proportional system refer to the constant nature of rates, which facilitates their calculation, and the formation of equality of all citizens before the state, regardless of their standard of living and income. In particular, there are cases when many well-known representatives of other states preferred to obtain Russian citizenship and pay taxes in accordance with the proportional system of our country, since the progressive taxation operating in their states (Europe, etc.) imposed a more substantial tax burden on them than to other segments of the population (Osennaya et al, 2011).

Opponents of the proportional system, on the contrary, argue that such a system, not taking into account the income level of each stratum of society, on the contrary, strengthens social stratification, charging “too much” from the poor and “too few” from the rich. The situation, in their opinion, is also aggravated by the fact that taxes in the Russian Federation are levied for the sole purpose of eliminating the state budget deficit. This leads to an increase in rates every year and an increase in the amount of unpaid taxes, the bankruptcy of certain organizations and attempts to circumvent the need to pay them illegally and due to loopholes in tax legislation. Manufacturers often resort to shifting the tax burden on buyers by increasing prices, which leads to the predominance of indirect taxes over direct taxes and the formation of inflated prices for certain types of products.

## 6. Conclusion.

The solution of problems associated with imperfections in the tax system can be carried out in various ways highlighted by individual experts, such as, for example, the formation of additional preferential conditions for the poor; reduction of tax rates to alleviate the tax burden of individual organizations, in particular small and medium-sized businesses, and social strata; the formation of a “transparent” and flexible tax structure (Osennaya et al, 2017: Osennaya et al, 2017: Osennaya et al, 2016: Osennaya et al, 2013).

## Conflict of interests

The author confirms that the materials presented do not contain a conflict of interest.

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