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Improvement in implementation of fiscal policy of Russia

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Abstract

In this article, the authors consider the concepts of the budget consisting in public economic relations, and two main functions of the budget, such as distributive and control. The problem concerning the lack of legislative control of budget performance has been described through the analysis of the articles and appendices of the budgetary code of the Russian Federation. As a result, it has been revealed that the budgetary policy of the Russian Federation demands improvement and an individual approach to each element and direction of its formation at the present stage. The main aspects concerning the actions for the development of effective budgetary policy, increase of stability of the budget are presented in the work by means of the budgetary rules. These rules are directly related to a proper choice of the directions of fund expenditures and increase in the income of the budget due to improvement of tax administration regarding tax revenues.

Keywords: fiscal policy, government programs, tax administration, intergovernmental relations, fiscal federalism.

1. Introduction

In the formation and development of the economic and social structure of society, the government regulation has always been playing an important role; it has been applied within the specific policy framework accepted at each historical stage. One of the mechanisms allowing the state to pursue economic and social policy is the financial system of society and the state budget, which is its part. The state budget influences directly the education and the use of centralized and decentralized funds of money. The budgetary system is of particular importance for Russia, and by virtue of the focused reflection on the principle of federalism of the state system we can distinguish the structure of the budget system, the fundamental principles of its construction, and the legal status of the budgets at each level of the system.

2. Definition and function of the budget

The budget is the public and economic relations mediating the process of formation, distribution and use of the centralized monetary fund by a certain state, territory or municipality. This fund is usually at the disposal of

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public authorities or local government and intended for financing of the general problems solution of the territory. In addition, it represents the main financial plan approved by the appropriate representative body.

The state budget as a main element of the financial system has two main functions.

- A distributive function involves concentration of money within the state through various channels of receipt and its use to fulfil the purposes and functions of the state. This function is performed by the Treasury by means of the governing bodies.
- A control function consists in taking of control measures in the process of formation and use of money in various structural units of economy. As a rule, these kinds of measures are taken by tax inspections, tax police, the Treasuries, the Central bank and other bodies.

3. Problems of the budget of the Russian Federation

In the sphere of budgetary policy, the guidelines for state actions are fixed by the law. The budget of the next year is commonly planned by fixing of the income and expenses within the functional budgetary classification (further FBC). Its account indicators are approved by article 124 of the bill according to «sections and subsections» of FBC with reference to Appendix 11 of the law on the budget, as well as under the «target articles and types of expenses» with reference to Appendix 12. At the same time the income is considered solely by the bill «on the main sources» in article 24 without its obvious binding to the Budgetary classification. As a result, in the law on the budget the income is presented not in the format of expenses, and not in the system, in which it will be considered in the course of the budget execution. Thus, it provides the basis for arising of various ambiguities, various interpretation, incomparability of the data and other disagreements that complicate the possibility of control of performance of the law on the budget.

Meanwhile, the standards of the existing budgetary legislation allow the Government to spend the remains of budgetary funds formed at the beginning of year rather freely. It is connected with the illegibility of standards of the Budgetary code, in which there are no descriptions of the structure of the budget of the year and structure of laws on the budget of the year. In the text of the law on the annual budget (article 2), an additional degree of freedom in an expenditure of this rest without statement and even without notice of legislators is provided to the Government. As a result, the usefulness of reports on budget performance, if they also existed, is sharply depreciated, has a purely informative nature, instead of being of a supervisory character. Besides, as it was noted earlier, the Government has similar freedom when using up the extra-planned income. All this allows speaking about the absence of a due legislative supervision over the budget performance in Russia.

It is obvious that the budgetary policy in the Russian Federation demands improvement and an individual approach to each element and the direction of its formation at the present stage.

4. Ways of a solution

The required priority objectives of the planned expenditure commitments and, consequently, optimization, and a more effective use of financial resources - are one of the most important areas that should be covered in the budget policy and draw more attention. It is necessary to minimize the risks of unbalanced budget at the federal, regional and local levels with the direct implementation of the budget planning. Therefore, it should be based on real assessment of the draft budget and socio-economic development in the medium term. The introduction of the expert panel discussion will also serve as an additional safety net, since that will help to assess the draft budget for the planning period more accurately.

It is necessary to increase the level of resistance of the budget and dispose of its heavy dependence on the external market conditions. The fiscal rules that will ensure the reduction of non-oil budget deficit can serve as a main mechanism in this part.

4.1. Improvement of system of an expenditure

In the case of limited financial resources, an important rule consists in the fact that you must choose the most faithful direction of budget spending in order to achieve the required level of effectiveness of the implementation of fiscal policy in the long run. The implementation of the budget strategy of the Russian Federation in the long
term will allow us to assess the direction of fiscal policy by means of obtaining of achieved balance and stability of the budget system of the Russian Federation.

The effective, balanced budget policy will help to reduce the dependence of the federal budget and the budget system on income-oriented opportunism.

In the future, there will be a complete transition to budgeting, which is based on the government programs. This will directly affect the subjects and local entities, obliging them to focus on the federal level in the future. Most state programs of the Russian Federation have significant drawbacks that today do not allow one to consider these programs as a mechanism of program planning. Therefore, along with the consideration of the federal draft budget for the next fiscal year, the basic public discussion of the government programs of the Russian Federation should be provided, taking into account the changes made to them, including the «ceiling» spending until 2020.

4.2. Increase in the income of the budget

Along with improvements in expenditures, we have to find the options to increase the revenues. However, the revenue growth can be achieved by means of the improved tax administration in terms of tax revenues, contributing to an increase in profitability.

In order to improve tax administration and tax policy, the State should revise the factors influencing it; therefore, there is an objective necessity of an approach to the following key areas:

- The formation of additional conditions for the realization of innovative activity of public and private sectors;
- The use of tools related to public-private partnership to create sources of investment in the health and educational institutions (exemption from income tax in these social sectors);
- Strengthening of the tax base of the budget system of the Russian Federation by creating new emerging businesses.

It also seems necessary to analyze and assess the performance impact of the existing tax and customs instruments on the economy.

Since all of the above-mentioned activities are linked directly to the improvement of funding from the budget, it is advisable to create the concept of socio-economic development of the Federation as a whole, as well as the subjects of the Russian Federation. It is necessary to provide it with a forming agent of resource potential of regions and monitor regional and interregional financial flows, in which the region is involved. (Denisov Ya.A., 2012)

4.3. Improvement of the interbudgetary process

The questions concerning the ways of improvement of budgets management and, therefore, finances are the most important set of controls of federation, regions and municipalities. The problems of the budgetary process are so vast that we cannot talk about the creating a unified management system of budgetary flows at the regional and federal levels.

Today the actively discussed aspects are related to the effectiveness of the organization of intergovernmental relations, conflict resolution, without any economic and financial interests at all levels of government along with the ambiguity of interaction among the state, individuals and legal entities.

The increase in the intergovernmental transfers implies the fact that control over the movement of funds within the country should be unified. The points regarding the performance and use of funds and intergovernmental transfers flashed out of sight of authorities monitoring this issue. As to financial instruments used in the implementation of intergovernmental relations in spending, we can note that an extensive approach to finance prevails. The questions on the methodology and techniques of use of budgetary funds have been underdeveloped in relation to the specific conditions of the Russian economy. (Safiullina, R. T., 2013)

Among the areas of improvement of fiscal federalism in the budget legislation we should outline the following:
• Establishment of priorities of fiscal equalization as an effective instrument of economic alignment of regions and municipalities;
• Introduction of the principle of «equal deficit» budgets and instruments of its achievement in the practice of budget planning at all levels;
• Preservation of the independence of budgets and responsibilities of governments at the corresponding level of the balance of the budget system, based on tax capacity of the corresponding territory, subjected to the provision of the necessary tax initiative. (Sokolov B. I., 2012)

5. Conclusion
In general, we should note that the reform of the budget process and the tax sphere of intergovernmental relations is not static. In order to achieve more tangible and greater results it is necessary to provide Russia with a more balanced economy and confidence in the future, to ensure the stability, which should be correlated with the competitive systems existing in other countries. The innovations in the legislation and in the interaction of various public authorities will produce a positive effect on the improvement of the economy, so that it would be possible to assert that fiscal policy of the country is moving in the right direction.

References