

Environmental Non-Tax Revenue as a Source of Business Financial Risks

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Abstract—This article draws out the essence of fiscal non-tax revenue in the fiscal system of the Russian Federation. The set of fiscal non-tax revenues in the field of ecology has been examined in chronological order since 1991. The current practice of these revenues is represented by fees for the negative impact on the environment, ecological, recycling, resort, as well as the carbon charge which is currently under discussion. The possibility of creating a targeted environmental extra-budgetary fund on the basis of combining payments for negative environmental impacts, environmental and recycling fees is being considered. A critical analysis of the feasibility of introducing and applying fees, as well as their environmental effect, is given. The prospects of restructuring and systematizing the totality of environmental fiscal non-tax revenues in order to solve current environmental and related economic problems in the Russian Federation are assessed.

Keywords—*ecology, taxes, fees, non-tax revenue, business, risk.*

I. INTRODUCTION

The fiscal system of the Russian Federation is characterized by the presence of tax and non-tax revenues.

Tax revenues of budgets of various levels are the revenues from taxes and fees stipulated by the legislation of the Russian Federation:

- federal taxes and fees (value added tax; excise taxes; personal income tax; corporate income tax; mineral extraction tax; water tax; wildlife and water biological resources management (hunting, fishing) fees; stamp duty), including taxes provided by special tax regimes;
- regional taxes (corporate property tax; vehicle tax; gambling tax);
- local taxes and fees (land tax; personal property tax), as well as interest and penalties.

Non-tax revenues of the fiscal system of the Russian Federation include: income from the use of property owned by the state or municipal property, with the exception of the property of budgetary and autonomous institutions, as well as property of state and municipal unitary enterprises, including state, land and other objects federal property owned by the unified housing development institution; income from the sale of property (except for shares and other forms of participation in capital, state stocks of precious metals and precious stones) owned by the state or municipal property, with the exception of movable property of budgetary and autonomous institutions, as well as property of state and municipal unitary enterprises, including the number of state, land and other real

estate objects owned by the federal government, used by the unified development institution in the housing sector; income from paid services provided by public institutions; funds received as a result of civil, administrative and criminal liability measures, including fines, confiscations, compensations, as well as funds received in compensation for harm caused to the Russian Federation, constituent entities of the Russian Federation, municipalities, and other amounts of forced withdrawal; means of self-taxation of citizens; other non-tax revenues [1].

In addition, there are gratuitous revenues: dotation from other budgets of the Russian Federation; subsidies from other budgets of the Russian Federation (intergovernmental subsidies); subventions from the federal budget and (or) from the budgets of the constituent entities of the Russian Federation; other inter-budget transfers from other budgets of the Russian Federation; gratuitous revenues from individuals and legal entities, international organizations and foreign governments, including voluntary donations [1].

As we can see, the regulatory framework for regulating non-tax revenues of the budget and tax system of the Russian Federation has been sufficiently developed, however, today there is a gap in the legislation – there is no legal justification and the category “non-tax revenue” is enshrined in the legislation.

In the President’s message to the Federal Assembly of the Russian Federation in 2015, a call was made about the need to stabilize the tax burden, that “... in the coming years, the tax conditions for business should not change” [2]. The problem of “non-tax revenues” is associated with the introduction of a moratorium on changes in the tax burden in the Russian Federation from 2016 to 2019 by the President [3]. Given the impossibility of making changes to the tax system of the Russian Federation regulated by the Tax Code, in the face of increasing external economic sanction pressure caused by the difficult geopolitical situation, retaliatory sanctions, lower oil prices and other negative economic factors, the Government of the Russian Federation on the basis of Articles 41, 51 57 and 62 The budget code of the Russian Federation “found” the sources of additional financial resources. Fiscal non-tax revenues, including parafiscalities, which were allowed not only to state authorities, but also to other public-law entities with the obligation to transfer a defined payment share to the budget and tax system of the Russian Federation, began to actively come to budgets of various levels [4]. The trend of increasing the tax burden on business began to emerge already in 2014 – the tax burden increased by 0.4% of GDP compared to 2013, the amount of fees exceeded 700 billion rubles, and by

the end of 2018 the volume of payments approached the mark of 1.5 % of GDP or almost 1.520 trillion rubles [5].

Modern financial science does not give an exact definition of the category of “fiscal non-tax revenue” due to its extreme heterogeneity, since different revenues are close to different forms of fulfilling tax obligations – some are structurally closer to taxes, others correspond to duties in their nature, others – to fees. We give only one of the criteria:

- revenues that have signs of tax and collection, i.e. possessing the characteristics of obligation, individual non-repayment, focus on financing the functions of the state and local self-government;
- mandatory revenues that do not have the signs of tax and duty include: administrative fines, mandatory insurance payments, etc.

The study of the phenomenon of fiscal non-tax revenue is a large-scale task; in this study, we restrict ourselves to an overview of environmental revenues and try to assess the degree of their impact on the business, and consider the proposed changes planned in the near future.

II. RESEARCH METHODOLOGY

The study is based on the following conceptual approaches: systemic, historical, logical and analytical. The study of the subject area was carried out on the principles of adequate reflection of financial and economic reality, conscious reflection, problematization and functioning. The research tools include diagnosis, formalization, structuring, as well as elements for predicting the development of a set of environmental non-tax revenues.

III. RESULTS

One of the fastest growing varieties of fiscal non-tax revenues is environmental fiscal non-tax revenues.

In the post-Soviet period, the RSFSR adopted the Law of 19.12.91 N 2060-1 “On Environmental Protection”, which regulates environmental taxation and which provided for deductions for environmental pollution by resident legal entities, as well as foreign legal entities and individuals to targeted state extrabudgetary environmental funds.

A separate fee was charged in case of accidental emissions and discharges of pollutants in the form of a five-fold coefficient relative to the established limits and standards. Additionally, the amount of damage to natural resources was taken into account. Specific calculation methods were presented in the by-law “The list of regulatory legal documents recommended for use in assessing and compensating for harm caused to the environment as a result of environmental offenses” [5].

Federal Law dated 06.05.98 N 71-FZ “On payment for the water bodies’ management” established a corresponding revenue. Its difference from environmental revenue was in the objects of taxation, and, therefore, in different rates. The revenue was charged regardless of whether the discharge of pollutants was within or above the established limits; the total amount of discharged water was taken into account, regardless of the amount of those or other pollutants in them. The concentration factor of harmful substances was taken into account only in case of discharge of drainage, mine and quarry waters.

Penalties for other types of negative impact on water bodies in the period 1997-2000 were regulated by the “Temporary procedure for calculating pollution charges for water bodies that are federal property of the Russian Federation” [6]. The procedure regulated the collection of charges for: water pollution with suspended solids; chemical pollution of water; chemical pollution of bottom sediments.

The environmental tax was introduced in 1998, which should be levied on importers and manufacturers of goods and packaging that do not ensure their independent disposal [7]. Rates are divided into 54 groups of varieties of goods and packaging [8]. Since 2015, manufacturers and importers of goods have been given the choice: to provide for the independent disposal of waste products or to pay a fee.

Recent environmental collection initiatives are related to the possible deprivation of the right to self-utilization of car tire manufacturers (such as Michelin, Bridgestone, Nokian, Continental, Yokohama and others), replacing it for 5 years with an extended environmental fee in favor of the created “Russian Ecological Operator”. Today, manufacturers independently conduct tire recycling, this year the plan is 25% of sales, it was planned that by 2024 this figure could reach 55%. One of the main arguments in favor of self-recycling is the possibility of recycling used tires by manufacturers. However, companies are now investing in the processing sector in the amount of 450 million rubles under the threat of reinvestment, under the threat of already concluded long-term contracts with conscientious processors. A legislative initiative can lead to an increase in final prices by 4% [9].

At the same time, the regulator notes the growth of falsified acts on independent execution of the manufacturer’s extended responsibility for disposal. In May of this year, according to state statistics, about 250 thousand tires were processed, however, the corporate sector showed much larger volumes. It is proposed to reduce the likelihood of an increase in the fiscal burden on the population by introducing a netting scheme between the corporate sector and the Russian Environmental Operator. The application of specific models is under discussion. A similar fee was previously introduced for manufacturers and importers of bottled water, juices and electronics.

In modern tax legislation, payment for negative environmental impact appeared in 2002. The Federal Law “On Environmental Protection” [10] systematized the existing regulatory field, which, with some amendments, has survived to this day. The fee introduced by law applies to: emissions of pollutants: into the atmosphere from various stationary and mobile sources; discharges into water bodies; in the bowels, soil; disposal of production and consumption waste (various landfills and landfills); other negative effects in the form of noise, electromagnetic radiation and vibration. The tax base is calculated on the basis of various developed by-laws, instructions and recommendations.

In addition to the environmental tax, a recycling tax was introduced (Art. 24.1) [11], which should be levied upon customs clearance when importing into Russia or during the manufacture, manufacture in the Russian Federation of vehicles, including chassis, self-propelled vehicles and trailers. The purpose of its introduction was to ensure environmental safety regarding the use of vehicles, taking into account their technical characteristics, wear, and disposal.

However, the declaration of purpose of Article 24.1 is not consistent with the reality of its application [12].

An ecologically oriented experiment is being conducted from 2017 to 2023 aimed at developing resort infrastructure and raising the environmental standards of pilot regions: the Republic of Crimea, Altai, Krasnodar and Stavropol Territories. A resort fee has been introduced for this purpose. The taxable base of the collection is the time spent on the territory of these regions in the hotel sector. Legal entities and individuals providing accommodation services are collection operators and must list it in accordance with regional legislation in the budget and tax system of Russia.

The experiment has not yet been completed, but intermediate results indicate the inefficiency of its introduction. The experiment was perceived negatively by potential payers – domestic vacationers, 78% of respondents opposed an additional payment to the cost of trips, which ultimately reduces the attractiveness of domestic tourism. An alternative to collection is voluntary donations, however, this culture has not yet been formed [13].

The next legislative initiative in the field of environmental revenues is the draft law on the introduction of a carbon charge, which, according to the Ministry of Economic Development, will be paid by enterprises for exceeding the greenhouse gas emission quota. Earlier, Russia made a commitment to reduce greenhouse gas emissions by ratifying the Paris Climate Agreement in 2016 [14]. It is noteworthy that Russia is currently the leader and, with a significant excess, is fulfilling its obligations under the agreement: already in 2017, the reduction in emissions compared to 1990 was 49%, with the target figure of 30%, as illustrated in Figure 1.

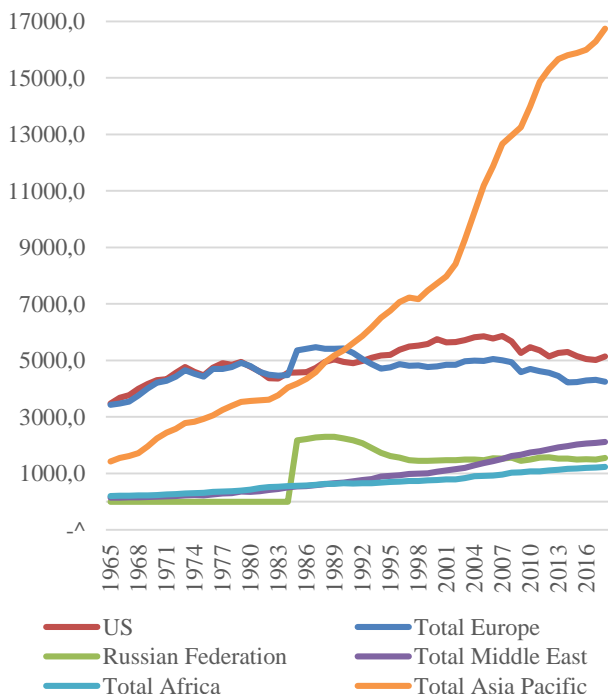


Fig. 1. The dynamics of carbon dioxide emissions in Russia and regions of the world, million tons [15].

The law provides for limiting the maximum amount of emissions of 150 thousand tons of CO₂-equivalent, in case of exceeding this indicator, the organization will have to pay a

fee from 2025. In addition, the enterprise is obliged to conduct an inventory and report on emissions. The rates have not been determined at the moment, it is planned to complete the process of their development by 2025, and the proceeds to send to the trust fund.

The negative effects of introducing the new revenue are:

- complexity of the regulatory field, the lack of clarity regarding rates, calculation parameters of target indicators;
- increased fiscal burden on core enterprises;
- increase in tariffs, since it will affect the enterprises of the fuel and energy complex: for the population – housing and communal services tariffs, for enterprises – the cost of production of the metallurgical complex, for all – transportation prices;
- general increase in inflation and a decrease in the dynamics of economic growth in Russia.

Thus, the legislative initiative runs counter to the ongoing reform of the “regulatory guillotine” and violates the moratorium on the introduction of additional business revenues. It is advisable to first conduct an inventory of greenhouse gas emissions, after which it is permissible to introduce draft laws on their fiscal regulation, taking into account the incentive for the introduction of modern energy-efficient technologies. Despite fulfilling the requirements of the Paris Agreement, the problem of greenhouse gas emissions will not be acute in the long term; therefore Russia has a temporary backlash of 10-15 years, which should be spent on regulatory, methodological and technological preparation of verification of data on greenhouse gas emissions in the corporate sector.

The abovementioned initiative to establish a trust fund is new. In the spring of this year, the Ministry of Economic Development proposed combining three mandatory non-tax revenues aimed at reducing environmental pollution – into one environmental fund. According to data from last year, these revenues brought to the consolidated budget of the Russian Federation more than 266 billion rubles, a fee for negative environmental impacts of 0.7 billion rubles, and an environmental fee of 2.6 billion rubles and utilization fee of 263 billion rubles.

The initiative of the Ministry of Economic Development was met with skepticism, both by the Ministry of Finance, where it is believed that environmental costs can be formed as part of the standard budget process, and by business, as it will not solve the main problems of non-tax payments. However, the business will support any initiatives of the Government of the Russian Federation that guarantee it protection against both increased fiscal burden and increased administrative pressure.

Formally, the already existing system of environmental payments is aimed at combating negative environmental impacts, but this has not yet brought any tangible effect, says Alexey Artyukh, partner at the “Taxology” law firm [16]. The appearance of a separate item in the budget will exclude the misuse of environmental charges, said Vadim Zaripov, head of the “Pepeliaev Group” analytical service [16].

According to another expert, S. Pepelyaev, the eco-friendly revenues must meet two important criteria:

- accumulated financial resources should be targeted, i.e. be used exclusively for the implementation of state environmental programs;
- the methodology for calculating the revenue amount payable to the fiscal system of the Russian Federation should take into account ongoing investment projects in the greening of the business by the payer himself. The experience of developed and developing countries indicates that it is society that is interested in minimizing the negative impact on nature than in eliminating its consequences.

In the elemental structure of the payment (by analogy with the elements of any tax), various benefits that reduce the revenue amount by the amount of the costs of introducing environmental, specialized technological innovations should become an integral element of the legal structure of environmental revenues. The optional use of benefits is unacceptable, since its mandatory presence, as opposed to the revenue amount, has a stimulating effect on the implementation of independent environmental innovations by the payer.

Practice shows that, unfortunately, both designated criteria in the Russian Federation are not fully met. The funds received on environmental revenues, passing through the budget and tax mechanism, are depersonalized and dissolved in budgets of various levels, and are spent not on pursuing a consistent environmental policy, but on other current needs and minimizing the budget deficit at the regional and local levels. In such cases, the presence of pollution is even beneficial, becoming a source of additional non-tax revenues, since the more emissions occur, the greater the potential amount of fees to the fiscal system.

Profile regulator – The Federal Service for the Supervision of Natural Resources is authorized to monitor compliance with legislation regarding negative environmental impact. For the board of the same name, the department controls the collection plan (for example, in 2015 it was exceeded by 15%), and also estimates the direct economic effect by comparing the costs of control and supervision activities of the Rosprirodondzor (Federal Service for Supervision of Natural Resources) with direct revenues to the fiscal system. For example, in the already mentioned 2015, revenues amounted to 29.1 billion rubles, while expenses were only 1.1 billion rubles [17]. These indicators characterize the effect of the activities carried out by the regulator and controller, and, consequently, the priorities of environmental activities in terms of revenues. The fiscal interest of departments is obvious – the volume of revenues to the fiscal system should be maximized.

One cannot disagree with the expert's conclusion, but the current situation with non-tax revenue in general and environmental charges in particular, apparently, is beneficial not only to regional authorities. This is evidenced by a report dated February 28, 2014 approved by the Board of the Accounts Chamber of the Russian Federation on the results of the control event "Analysis of the presence and condition of the regulatory methodological base for the formation of non-tax revenues of the federal budget, as well as the established practice of preparing a revenue forecast" [18], in which the problem is non-tax revenues has already been indicated quite acutely. On August 2, 2019, the Board of the Accounts Chamber of the Russian Federation approved the Report on

the results of the expert-analytical event "Analysis of the problems of establishing and classifying non-tax revenues and revenues with signs of taxes" [19]. Five years later, the Joint Venture Auditor correctly stated: "The measures taken by the federal executive authorities to systematize non-tax revenues since 2015 have given a very limited result, since most of the planned activities have not been implemented" [19].

Prospects for the development of the totality of environmental fiscal non-tax revenues are indicated in the draft "Main directions of the budget, tax and customs tariff policy for 2020 and for the planning period 2021 and 2022" [20], developed and presented by the Ministry of Finance of Russia.

It is supposed to include a number of quasi-tax revenues (close in terms of elemental structure to tax) in the Tax Code as part of the systematization of the existing aggregate of fiscal non-tax revenues, these include: a disposal fee, mandatory contribution from public communication network operators, and a resort fee. It is planned to transform these revenues into full taxes and fees, taking into account the existing legal framework and the procedure for calculating them by adapting to the standards of the current tax legislation on taxes and fees of the Russian Federation.

The feasibility of introducing a recycling fee into the Tax Code is determined by the desire of regulatory authorities to create stable rules for its calculation and payment, as well as the formation of a system of legal guarantees for taxpayers – business entities in case of adjustment and adjustment of the structural elements of the revenue after its introduction.

Another specific payment – the mandatory contribution of operators of a public communications network is planned to be replaced in the Tax Code with a corresponding tax – by income of operators of a public communications network. The tax base of the new tax should include income from the provision of communication services to subscribers and other users in the public communication network during the quarter. There are exceptions related to the application of Chapter 21 of the Tax Code of the Russian Federation "Value Added Tax" with respect to subscribers and other users in public communication networks.

The ongoing experiment on the collection of resort fees in four regions of the Russian Federation has not yet been completed; preliminary and final results have not been summed up. However, it is anticipated that a tourist tax will be introduced at the local level instead. The choice of this particular level of the fiscal system is associated with the desire to create additional revenue in local budgets for the development of resort infrastructure: construction and repair work, improvement, restoration of historical monuments, creation of socio-cultural facilities and other local tasks.

According to plans, the tourist tax can be introduced from January 1, 2021 by decision of local governments, and its payers, as now, will be individuals living in various accommodation facilities. It should also be noted that for the last two fees mentioned, criminal liability for non-payment will appear only after 10 years. This measure is aimed at restraining the administrative burden on the business, at creating a transition period during which the mechanisms for charging fees will be worked out, and the payers will fully adapt to new conditions.

In addition to the listed adaptation plans for the non-tax revenue, the Tax Code plans to include a number of revenues as a state duty similar in nature to this particular form. Such revenues include payments currently charged for providing various information (for example, making changes; requesting, receiving and viewing information, extracting statements, etc.) from existing state registers, which are maintained by federal executive authorities and institutions under their jurisdiction.

IV. CONCLUSION

Work on the systematization of non-tax revenues in general, and environmental revenues in particular, has only just begun. And it began with the fact that three revenues of a quasi-tax type are included in the Tax Code. An inventory of non-tax revenues and the formation of a register of publicly-legal obligatory payments, as well as the preparation of a regulatory legal act regulating the procedure for the creation and maintenance of this register by the regulator, are not currently planned. Unfortunately, the most discussed legislative initiatives are aimed not at solving environmental issues, but at the institutional development of specialized state bodies and transferring the “non-tax” burden to the regulation of the Tax Code of the Russian Federation.

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