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TAX ADMINISTRATION IN THE SUSTAINABLE DEVELOPMENT OF AGRICULTURAL PRODUCERS

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ABSTRACT

Effective tax management is important for the sustainability of natural resources and human systems. Sustainable development of agricultural producers, first of all, should be able to protect and improve living conditions, as well as to provide social well-being of rural residents. Tax management should be such as to encourage the adoption of sustainable development practices, establish rules and costs that do not deplete or degrade natural resources, but rather facilitate access to the necessary knowledge and resources. The authors of the article studied all the factors affecting the sustainable development of agricultural producers; they found that the multimillion dollar subsidies of Kazakhstan are several times higher than the tax revenues to the budget. It is necessary to find the most optimal solution for the sustainable development of agricultural producers in order to increase budget revenues for further effective tax management.

Keywords: Taxation, Sustainable Development, Agricultural Producers, Tax Burden, Crisis, Government Support, Subsidies.

INTRODUCTION

The evolution of the tax system is on the path of simplification, reducing the number of existing taxes, reducing the level of rates and expanding the tax base.

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In general, the sustainable development of agriculture refers to the state of the economic system based on the effective use of limited resources, rational organization of production and optimization of logistics links (Baigireyeva et al., 2020; Baimagambetova et al., 2020).

The main goal of the tax policy in agriculture at the present stage is creating favorable conditions for the sustainable development of the industry. At the same time, the main focus should be to reduce the uncertainty of changes in the tax system for agricultural producers, as well as the harmonization of the basic principles of tax policy in agriculture with the State program for the development of agriculture and regulation of markets for agricultural products, raw materials and food (Bică et al., 2015; Maratovich et al., 2020).

LITERATURE REVIEW

The global financial crisis caused by the pandemic has had a negative impact on the development of agricultural producers, in this regard, within the framework of tax management issues and sustainable development of agricultural producers the literature review was based on domestic and foreign scientific literature. The issues of building an effective tax management system and models of sustainable development of agricultural producers through the creation of cooperatives were investigated. The legislative and regulatory framework, official statistics of ministries and departments, and also the state of activity of agricultural producers in different countries were studied.

METHODOLOGY

An important method of research was the application of comparative analysis of different countries in the field of taxation, application of robotics and advanced technologies. The world ratings and methods of their sustainable development of agricultural producers are studied in this work. Also, methods of deduction, statistical analysis, an integrated approach, and an empirical method were also used (Mugauina et al., 2020; Omarkhanova et al., 2018).

CASE STUDIES

The main indicators of the tax base in agriculture include: proceeds, profit minus subsidies and the annual salary fund. While the revenue from the sale of products in agriculture has a stable tendency to increase, the indicator of the amount of profit minus subsidies is unstable and varies by year, both in the direction of increase and in the direction of sharp reduction. The annual salary fund tends to increase slightly. At the same time, in the current conditions, the measures that stimulate the increase in the tax base that can become the only possible direction for the implementation of taxation not only stimulating, but also fiscal functions in agriculture.

However, there are many problems, including the low receipt of taxes from agricultural producers to the budget, which are 10 times less than the annual subsidies allocated by the state.

We propose to consider the experience of different countries and on their basis to determine what efforts are necessary to make for the sustainable development of agricultural producers for the purpose of further effective management of the tax system (Ștefănescu et al., 2011; Zhansagimova et al., 2013).

Consider the ranking of agricultural producers in the world in Figure 1.

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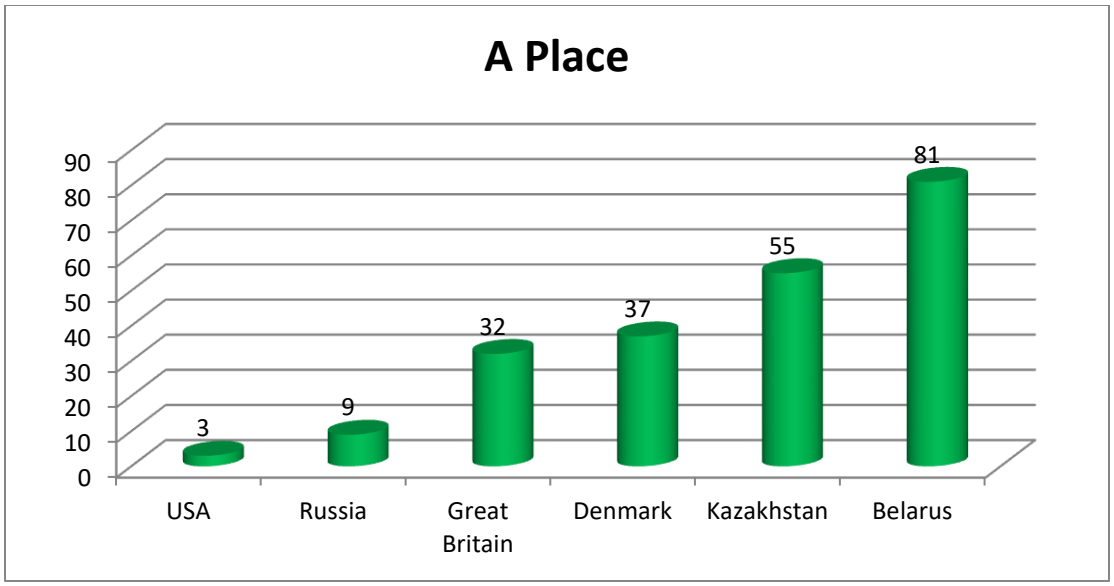

FIGURE 1
RATING OF AGRICULTURAL PRODUCING COUNTRIES IN THE WORLD FOR 2019

As you can see, the US is 3rd place in the production of agricultural products; Russia is 9, the UK 32, Denmark 37, Kazakhstan 55 and Belarus 81 place. Next, we will analyze the tax burden in these countries in order to understand the effectiveness of the leading countries in the production of agricultural products.

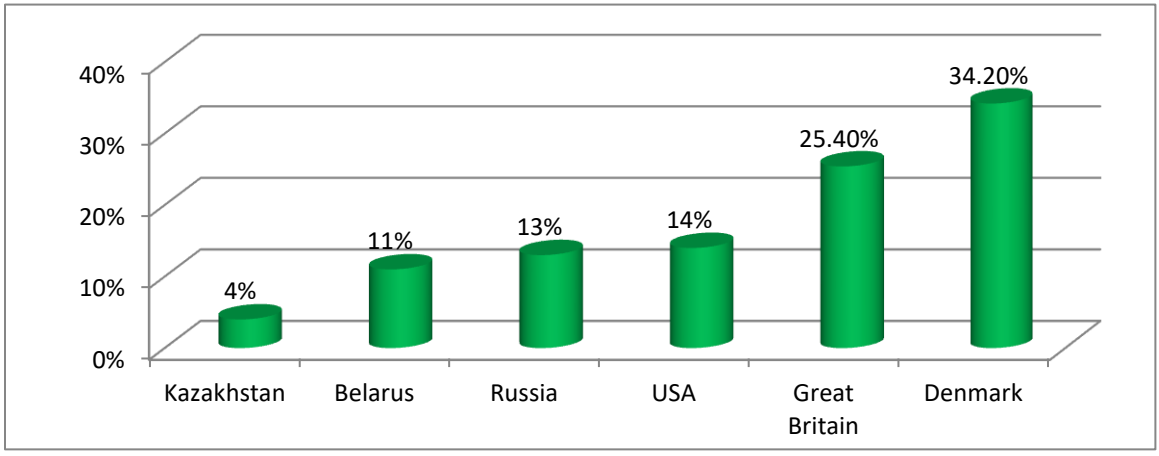

FIGURE 2
COMPARATIVE TABLE ON THE TAX BURDEN OF DIFFERENT COUNTRIES FOR 2019

As you can see, Kazakhstan has the lowest tax burden of 4%, Belarus 11%, Russia 13%, the US 14%, the UK 25.4% and the highest of the countries represented in Denmark 34.2%. However, if you look at the rating of countries for the production of agricultural products (Figure

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2) and if we apply the Laffer concept, which is displayed on a graphical and stable display of the relationship between tax revenues and tax rates, then we will find its violation. That is, according to Laffer, for taxpayers, the tax burden at the level of 15 % is attractive.

However, in Kazakhstan, the tax burden on agricultural producers is almost 4 times lower than the attractive one, nevertheless, in the ranking of agricultural production, Kazakhstan ranks 81st among 190 countries of the world. That is, taxes and their number in Kazakhstan do not interfere with the development of agricultural production, therefore, it is necessary to consider other factors that affect the development of agricultural production. At the same time, taking into account, foreign experience, domestic specifics, as well as the need to activate the stimulating function of taxation in agriculture. In order to create an environment conducive to sustainable agriculture, it is necessary to develop appropriate new technologies or use the technology, research and development of developed countries. However, even finished technologies, research and development require not only certain knowledge, but also specialists with work experience.

The state of computerization and digitalization in the country is an important factor in the effective use of limited resources, for which we consider the global assessment of digital readiness in Figure 3.

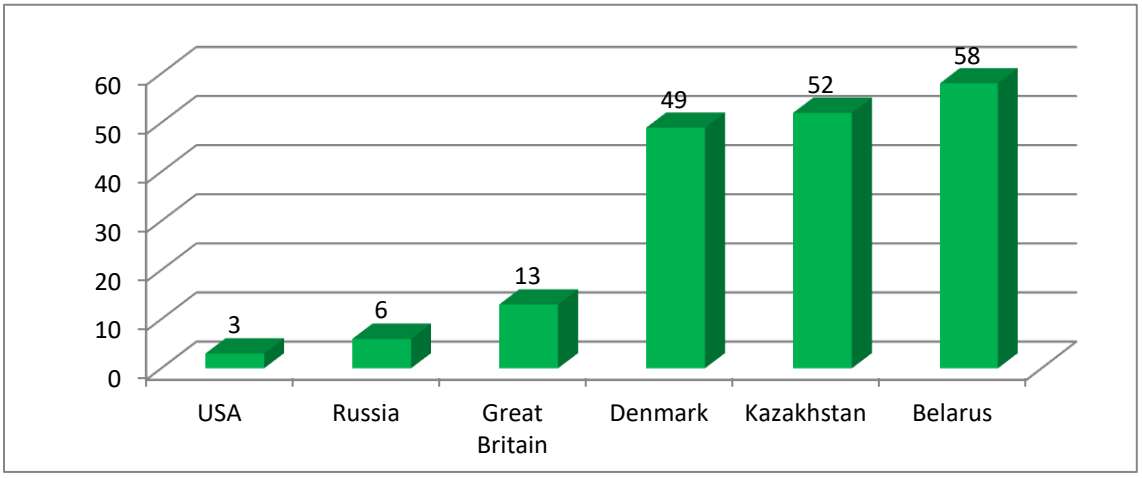

FIGURE 3
GLOBAL DIGITAL READINESS ASSESSMENT RANKING FOR 2019

According to the world rating of digital readiness assessment, the United States entered the top three leaders, Denmark in the TOP 10 ranked 6th place, Great Britain in 13th place, Kazakhstan in 49th, Russia in 52nd and Belarus in 58th place out of 144 countries. That is, even with a high tax burden in developed countries, there is a steady development in agricultural production. So, we will consider another factor of sustainable development of agricultural production - modern technologies used in agriculture.

The leader in the use of robotics and other innovations in the field of advanced technologies in agricultural production is China, Japan is in second place, the Republic of Korea is in third place, and the United States is in fourth place.

In Kazakhstan, the share of Internet users is 81.3% urban population and 70.9% of the rural population, however, the company did not realize how many advantages the information and electronic method of work and management provides, in addition, the country is

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experiencing a shortage of personnel, as ICT education is at a low level and it is completely unrelated to the needs of agricultural producers. An acute problem is the lack of teachers to update the ICT knowledge and energy-saving technologies, so the education system in Kazakhstan is inefficient.

The transition to sustainable agricultural production will require a significant increase in resource efficiency, environmental protection and system sustainability. Improving the efficiency of agricultural production development involves the use of innovative technologies.

In Kazakhstan, rural residents are less educated than urban ones, so the state itself should create a cooperative of agricultural producers, since the residents of the village are in a poor situation and are not able to create an enterprise at their own expense or learn ICT-knowledge or work on energy-saving equipment.

An important task facing humanity is to increase food production and the reduction of energy costs, but it is the development of equipment and technologies that will ensure high indicators of agricultural production

Agricultural production is an energy-consuming industry, in Kazakhstan manual labor is used with heavy monotonous operations, harmful and dangerous conditions. In this connection, the use of robotics will increase agricultural production, reduce energy consumption per unit of production. That is, the transition to productivity, yield, environmentally friendly products, minimal environmental pollution require high accuracy of technological processes, minimizing the negative impact of the "*human factor*", creating conditions for the work of agricultural producers to become socially attractive.

Sustainable development of agricultural producers, according to the authors, is possible through the creation of experimental cooperatives in each region, which will use robotics that have the characteristics of energy-saving technologies. At the same time, the cooperative will provide training to willing entrepreneurs, and solve problems of agricultural producers' development.

However, the experience of creating cooperatives in Kazakhstan showed a very low result, that is, the number of cooperatives is not more than a dozen in each region. Subsidies increase annually 2015-429.5 million US dollars, 2016-524 million US dollars, 2017-621.5 million US dollars, 2018-543.08 million US dollars, in 2019-630 million US dollars. But due to high corruption, the state of agricultural producers has an almost insignificant growth trend. Therefore, according to the authors, an effective way of sustainable development of agricultural production is not to subsidize something that does not bring high profits and it is a heavy burden on the budget, and to make direct investments in the creation of one technologically developed cooperative in each region of the country, which will later be sold in shares to the rural population.

Therefore, we have developed a mechanism for creating a state cooperative for further transfer to private ownership (Figure 4).

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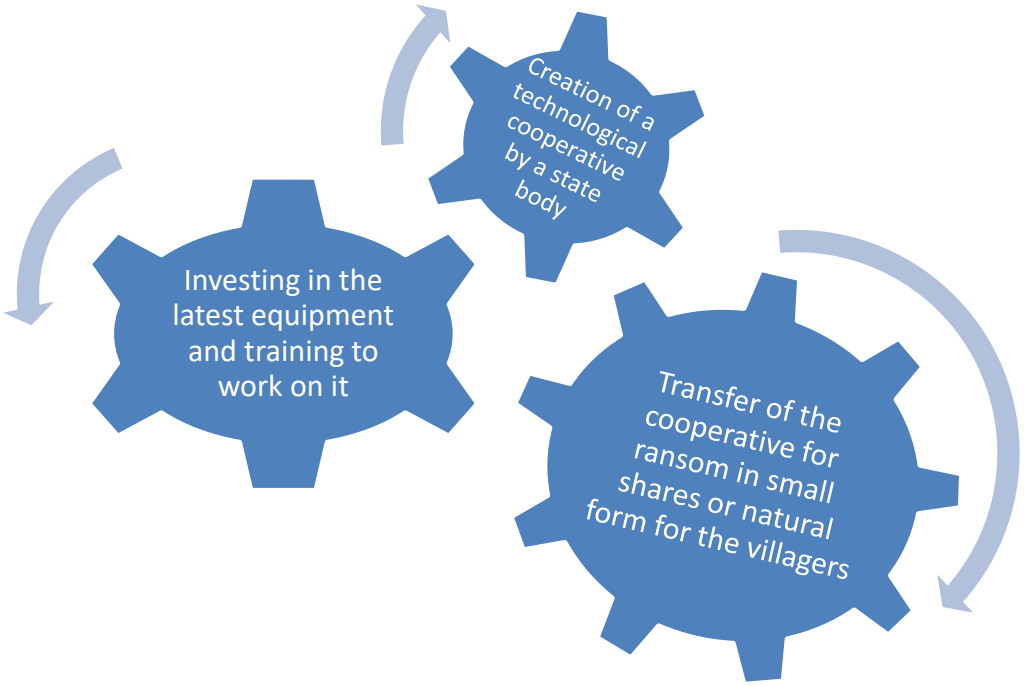

FIGURE 4
MECHANISM FOR CREATING A COOPERATIVE OF AGRICULTURAL PRODUCERS

The creation of a cooperative by a state body involves:

1. Involvement of specialists and experts to draw up a plan for the use of production factors.
2. To create a cooperative, 30% of those who want to join the cooperative will consist of a natural form of a share: land, livestock, etc. 70% state investment contribution: technologies, modern equipment, professional personnel, training centers, etc.
3. The purchase of 70% of the state share in the cooperative should be provided to a larger number of applicants, which will allow returning the funds allocated by the state to the budget.

Shares can be accepted both in cash and in kind (land, cattle, etc.) in accordance with the decision of the shareholders meeting.

CONCLUSION

In this way, the owners with full return of forces, trained to work with modern equipment in the cooperative, would perform the work.

Leave a low tax burden for businesses using new technologies, protect natural resources and prevent collateral damage and increase the tax burden by up to 15%, to those agricultural producers who use outdated technologies. Since effective tax management according to Laffer's concept has been confirmed by the experience of the countries listed above in this article, which once again proves that even that low taxation does not provide conditions for the sustainable development of agricultural production, but only reduces budget revenues.

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Thus, the sustainable development of agricultural producers should be based on computerization and digitalization. However, it is not possible to purchase high-quality eco-friendly equipment for Kazakh agricultural producers, and the multi-million-dollar funds allocated by the state for subsidies do not lead to proper effect, that is, there is no real development of agricultural producers, which means there is no one to pay taxes to the state budget. In this connection, the authors propose a mechanism for creating cooperatives with state participation.

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