

NEWS

OF THE NATIONAL ACADEMY OF SCIENCES OF THE REPUBLIC OF KAZAKHSTAN

SERIES OF SOCIAL AND HUMAN SCIENCES

ISSN 2224-5294

<https://doi.org/10.32014/2019.2224-5294.163>

Volume 5, Number 327 (2019), 56 – 59

УДК 336.226.11(574)

A.A. Baimagambetov, M.M. Valieva, E.I. Kendyukh, D.T. Esembekova, O.V. Kopylova

North Kazakhstan State University named after M. Kozybaeva

mvalieva1975@mail.ru, kenduh@mail.ru, nursaya-08@mail.ru, itf45@mail.ru

**EFFECTIVENESS OF INTRODUCING A PROGRESSIVE SCALE
OF TAXATION FOR INDIVIDUALS AND LEGAL ENTITIES
IN THE REPUBLIC OF KAZAKHSTAN**

Abstract. Any fruitful discussion of tax reform should confirm how our tax code works and which groups pay the most. Lawmakers should be mindful of the trade-offs associated with trying to raise revenue from a small number of taxpayers, and the problem of generating significant revenue without extensive taxes for all Americans. As these graphs show, the current distribution of the tax burden is very different from what many might think. Progressive tax has a higher percentage of income from high-income groups than from low-income groups and is based on the concept of solvency. If the tax system were not progressive, each income group would have a more similar share of the total tax burden, equal to its share in the country's income.

Keywords: taxpayer, progressive tax, income, population, standard of living.

INTRODUCTION

Modern research has revealed that excessive population inequality is not only a destabilizing factor that creates a potential threat of conflict, but also negatively affects the country's economic and demographic indicators, affecting production motivation.

The experience of developed countries shows that a certain degree of income equality can exist even in a market economy and is achieved largely due to the relevant social policy of the state, based on a significant share of social expenditures in the budget and an effective system of taxation of population incomes. Income tax from individuals is an integral part of the tax system of the state, designed to carry out not only the fiscal function, but also contribute to the solution of socio-economic problems facing the country. An effective taxation system should stimulate the economic activity of citizens, as well as promote the redistribution of income in society in order to prevent sharp differentiation in the standard of living of the population and, as a result, the emergence of social tension in society.

MAINPART

The modern theory of optimal income tax progressiveness begins with the utilitarian principle, but considers the problem as a compromise between the social benefits of a more even distribution of income after taxes and the economic damage caused by highly developed taxes. Economists cannot solve the social benefits of equality — they are best left to theologians and philosophers for discussion. But the economic costs of progressive tax rates are understandable, in principle, and economists have put a lot of effort into knowledge. A progressive tax structure is one in which the tax liability of an individual or family as part of the income increases along with the income.

Kazakhstan is a country with an average level of economic inequality. The Gini coefficient, which allows you to see how big the difference in the share of income between different strata of the population is, in 2010 amounted to 0.278 according to the Statistics Agency of the Republic of Kazakhstan. The specificity of Kazakhstan (and Russia too) is a different level of stratification depending on the region of

residence. One of the reasons for the strong inequality is the high difference in income that different categories of citizens have. In Kazakhstan, in 2010, according to the annual survey of households conducted by the Agency for Statistics of the Republic of Kazakhstan, the income structure from households (wages and entrepreneurial income) accounted for 80.9% in the structure of household incomes. At the same time, income from employment amounted to 71.3% of all household incomes, income from self-employment and entrepreneurship 9.6%, pensions - 11.9%, scholarships - 0.3%, TSA and housing assistance - 0.1%, material assistance from relatives, alimony, other income - 3.3%. Inequality in the distribution of these sources of income is the main cause of economic inequality in the whole country. It is extremely important from our point of view to conduct a detailed analysis of the permissible boundaries of the inequality. For example, regional inequality is very high and needs to be reduced. It is necessary to use various mechanisms to reduce inequality, including property tax, and effective taxation of household income, which is used by all developed countries.

Experts propose to make adjustments to redistributive mechanisms, which will take place in four main areas:

The first direction. The introduction of a progressive scale of taxation of personal income as the most fair and allows to reduce inequality. The second direction. Since the existing tax rate on income received in the form of dividends is much lower than the tax rate on labor income, it proposes to increase the tax rate on income in the form of dividends.

The third direction. Introduce a progressive tax rate on the market value of real estate, while the cost of real estate should be taken into account, and the tax should not apply to owners of ordinary apartments. It should be noted that along with the problem of choosing a tax rate, a number of authors are actively discussing this issue. For example, it is proposed to introduce housing standards for one person and apply tax on real estate only for those who exceed these standards.

The fourth direction. Introduce a progressive luxury tax.

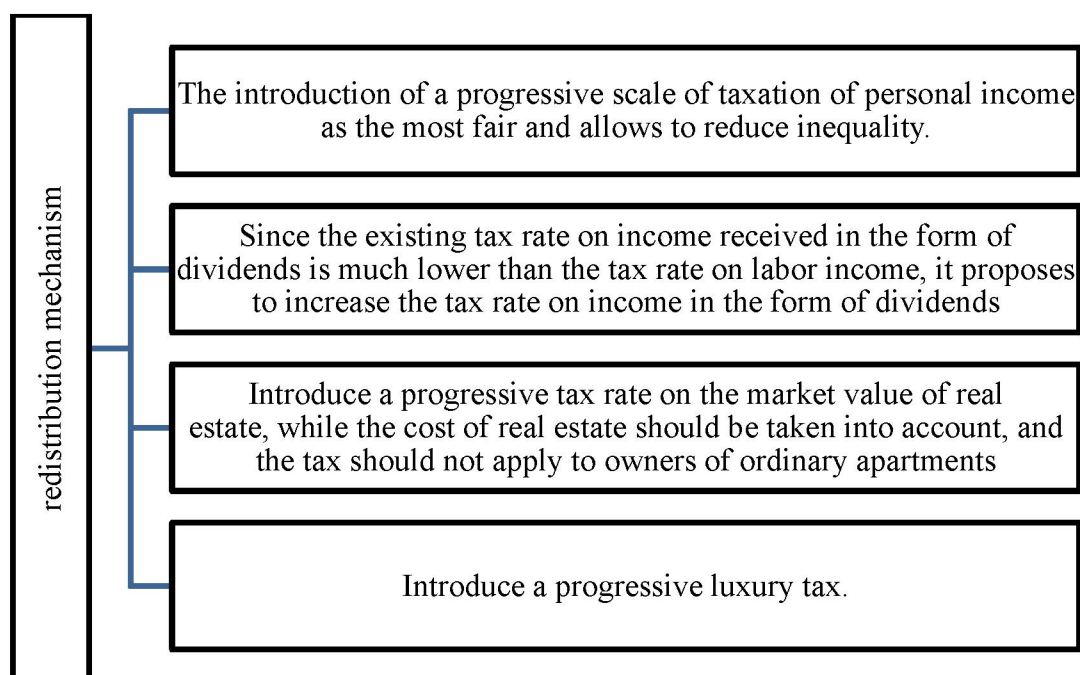


Figure 1 - Progressive tax input mechanism

Most foreign economists argue the use of a progressive tax system in that when income levels rise, consumption tends to fall. According to them, families with low incomes are more likely to quickly spend available money on necessary goods and services, and this leads to an increase in cash in the economy. At the same time, high-income families spend only some part of their money on goods and services, while a significant part of the money is not spent by them, but is accumulated or invested. Money that high-income families save or invest does not increase demand for goods and services in the economy. That is

why, according to foreign studies, economic consumption can be stimulated by reducing the tax burden on citizens with lower incomes and at the same time increasing it for taxpayers with higher incomes.

With the progressive taxation of personal income in most cases, a different number of rates is used, usually four to five. Since if you tax heavily only those who earn a lot, then collecting the necessary amounts into the treasury will fail. This is due to the fact that wealthiest citizens will try to use various schemes to reduce tax payments, and will also withdraw their finances from the country through offshore.

“In a number of countries tax measures are applied to support the poor. For example, in Australia, tax-free annual income is set at the equivalent of 4600 US dollars, in Brazil - 5300 dollars, in Germany - 9000 dollars, in the UK - 15500 dollars. In the USA, non-taxable the minimum is \$ 9,075.

In these countries, with minimal income, small business owners are exempted from taxes, which helps them grow faster. There are more companies that, over time, receive more and more income, and, accordingly, more money comes to the state treasury.

Pros and progressive tax system for owners of organizations.

1. The difference between the largest income and the smallest will decrease. This will reduce the number of property layers of our society. This will give an increase in the volume of markets for various goods, since the layers will merge with each other and in each of them there will be more people.

2. The increase in markets, together with lower costs, will intensify competition and lower prices, which will positively affect the lives of all segments of the population, especially the poor. Which, in turn, will reduce social tension and strengthen the political stability of our country.

3. Over time, part of the income that rich people will not receive will go to raising workers' wages. Which will increase the middle class of our country and positively affect our lives. People who earn more than they need to survive will spend more on entertainment, on improving their lives, will save more.

4. The reduced income difference will positively affect the lives of small towns and the entire Russian outback. There will also be vacancies with "capital" wages.

5. The introduction of a progressive tax system will change the attitude of owners to their business. The desire to make money quickly, to quickly get the result will decrease. This will positively affect the survival and stability of their organizations. The reliability of counterparties will also increase, which will also positively affect the work of economic entities. After a couple of decades of this situation, the owners will look at their business as a long process that will bring long income not only to them, but also to their children and grandchildren.

6. Economic crime will decrease, as it will be more difficult to withdraw and whitewash significant amounts. They will either need to be kept in the accounts of legal entities that are well controlled by banks. Either withdraw cash through criminal schemes, or fall under tax evasion. And any large amount of cash will immediately raise questions about its origin and the payment of taxes from it.

That is, the long-term functioning of economic criminal schemes will become more complicated, their organizers and beneficiaries will not be able to pretend to be law-abiding citizens for a long time. This will again have a positive effect on the economic climate and relations between businesses. The pros of the progressive scale for the rich far outweigh the minus, which can be offset by the low cost for them.

Now the movement of money between legal entities and individuals is unlimited in both directions.

CONCLUSION

The introduction of a progressive tax system will limit the movement of money from legal entities to individuals. Salaries and incomes will settle down for some time and will no longer depend on the amount of money circulating between legal entities. That is, of course, after solving the issue of illegal cashing, it will be possible to greatly increase the amount of funds of legal entities by increasing their lending for investment purposes without fear of greatly accelerating consumer inflation.

In addition, an important task is to ensure the preparedness of the tax authorities and the population for universal declaration of income. In countries where a progressive taxation scale is applied, almost all economically active people are obliged to declare their income on their own. In this case, citizens must take into account their income from various sources, summarize them, prepare a tax return, and, if necessary, prove to the representatives of the tax authorities the legality of their origin.

**А.А. Баймағамбетов, М.М.Валиева,
Е.И.Кендюх, Д. Т.Есембекова, О.В.Копылова**

Атындағы Солтүстік Қазақстан мемлекеттік университеті Қозыбаева

ҚАЗАҚСТАН РЕСПУБЛИКАСЫНДА ЖЕКЕ ЖЕКЕ ТҮЛҒАЛАРҒА ЖӘНЕ ЗАҢДЫ ТҮЛҒАЛАРҒА САЛЫҚ САЛУДЫҢ ПРОГРЕССИВТІ ШЕҢБЕРІН ЕНГІЗУДІҢ ТИІМДІЛІГІ

Аннотация. Салық реформасының кез-келген жемісті талқылауы біздің салық кодексінің қалай жұмыс істейтінін және қай топтар ең көп төлем жасайтындығын растауы керек. Заң шығарушылар салық төлеушілердің аз санынан кіріс алуға тырысумен және барлық американдықтар үшін кеңейтілген салықсыз қомақты кіріс алу мәселесі мен байланысты сауда-саттықты ескеруі керек. Осы графиктер көрсеткендей, салықтық жүктеменің қазіргі кездегі таралуы көптеген адамдар ойластырғаннан мүлдем өзгеше. Прогрессивті салық табысы төмен топтарға қарағанда жоғары деңгейлі топтардағы кірістердің пайыздық мөлшеріне ие және төлем қабілеттілігі тұжырымдамасына негізделген. Егер салық жүйесі прогрессивті болмаса, әрбір табыс тобы жалпы салық ауыртпалығында ел кірістеріндегі оның үлесіне ұқсас келеді.

Түйін сөздер: салық төлеуші, прогрессивті салық, табыс, халық, өмірденгейі.

**А.А. Баймағамбетов, М.М.Валиева,
Е.И.Кендюх, Д. Т.Есембекова, О.В.Копылова**

Северо-Казахстанский государственный университет им. М. Козыбаева

ЭФФЕКТИВНОСТЬ ВНЕДРЕНИЯ ПРОГРЕССИВНОЙ ШКАЛЫ НАЛОГООБЛОЖЕНИЯ ДЛЯ ФИЗИЧЕСКИХ И ЮРИДИЧЕСКИХ ЛИЦ В РЕСПУБЛИКЕ КАЗАХСТАН

Аннотация. Любое плодотворное обсуждение налоговой реформы должно подтверждать, как работает наш налоговый кодекс, и какие группы платят больше всего. Законодатели должны помнить о компромиссах, связанных с попыткой поднять доход от небольшого числа налогоплательщиков, и о проблеме получения значительных доходов без обширных налогов для всех американцев. Как показывают эти графики, нынешнее распределение налогового бремени сильно отличается от того, что многие могут подумать. Прогрессивный налог имеет больший процент дохода от групп с высоким уровнем дохода, чем от групп населения с низким уровнем дохода и основывается на концепции платежеспособности. Если бы налоговая система не была прогрессивной, каждая группа доходов несла бы более сходную долю общего налогового бремени, равную ее доле в доходах страны.

Ключевые слова: налогоплательщик, прогрессивный налог, доход, население, уровень жизни

Information about authors:

Valieva Majra Muhametgalievna - PhD in economics North Kazakhstan state University Named After M. Kozybayev, mvalieva1975@mail.ru, <https://orcid.org/0000-0002-0312-6245>;

Kendyukh Evgeni Ivanovich - PhD in economics, North Kazakhstan state University Named After M. Kozybayev, kenduh@mail.ru, <https://orcid.org/0000-0002-1691-8647>

Esembekova Dinara Temirgalievna - Doctoral student North Kazakhstan state University Named After M. Kozybayev, <https://orcid.org/0000-0002-3966-4133>

Kopylova Oksana Vasil'evna - PhD in economics, North Kazakhstan state University Named After M. Kozybayev, <https://orcid.org/0000-0002-9506-6648>;

Baimagambetov Azamat Amanzholovich - doctoral student, North Kazakhstan state University. Named After M. Kozybayev, <https://orcid.org/0000-0002-2074-2509>

REFERENCES

- [1] Vladimir Bobrov. Problems of individual income tax in the draft tax code. Chamber of Tax Advisers Kazakhstan.
- [2] Gorsky I.V. Tax policy of Russia: problems and prospects // Monograph. -M.: Finance and statistics, 2003. - 288 p.
- [3] Bagryakov (2012) Will there be a progressive income tax in Russia?
- [4] Chichelev M.E. To the question of an alternative to a flat and progressive scale of taxation of income of individuals. Financial Herald No. 17, 2007
- [5] Bobkov V.N. Taxation of family income based on consumer budgets. The standard of living of the population of the regions of Russia. - 2005. - No. 11-12
- [6] Kostyleva L.V. Taxation as a mechanism for regulating population inequality. // Economic and social changes: facts, trends, forecast. 3 (15) 2011, 66-77 pp.
- [7] LukpanovaZh.O., Berstembayeva R.K., Aimkulov R.A. Modernization of the state tax policy in the conditions of the financial and economic crisis. REPORTS OF THE NATIONAL ACADEMY OF SCIENCES OF THE REPUBLIC OF KAZAKHSTAN ISSN 2224-5227 <https://doi.org/10.32014/2019.2518-1483.49> Volume 2, Number 324 (2019), 129 - 134
- [8] Zhansagimova A.E. Barriers to financial methods of stimulating innovative activity of small and medium businesses. Actual issues of modern science and education "International Scientific and Practical Conference of Moscow University of Finance and Law, Kirov branch, 2016, Kirov P.454-457