



## Formation of Land Tax in the Subjects of the Russian Federation

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**ABSTRACT:** The formation of land tax in the subjects of the Russian Federation is shown on the example of the Republic of Mordovia, taking into account land management, cadastre, and land monitoring. The dynamics of the main factors forming the land tax and its return in the consolidated budget of the subject of the Russian Federation for 2006-2017 have been analyzed. A proposal has been made that it is necessary to use the incoming funds from the land tax on agricultural land for their intended purpose in the consolidated budget of Mordovia for the implementation of measures to increase soil fertility and protect the land from erosion.

**Keywords:** Cadastral valuation of land, cadastral value of land, cadastre, formation of land plots, land management, land monitoring, land tax, payers of land tax, private ownership of land, tax base.

### I. INTRODUCTION

Land is the main means of production in agriculture, a factor of food security, and an economic factor affecting the formation of budgets of authorities at all levels. In modern market conditions, with giving land the status of a real estate object, it is becoming increasingly important in the economy of the Russian Federation and its regions [1, 2].

An effective solution to the priority social, economic, and environmental tasks of taxation development in Russia is assisted by information on land resources accumulated during monitoring of land as an object of legal relations and market circulation, as well as state cadastral valuation of lands of all categories in the regions using the same technology for the whole country [3-5].

Currently, the technology is being updated in the subjects. It should be noted that the valuation of land is one of the most important conditions for the functioning and development of a diversified economy [6].

### II. METHODS AND MATERIALS

Land management is carried out to improve the economic and environmental efficiency of land resources in the regions. For example, it was especially active in the first years of the land reform in the Republic of Mordovia (1991-2000). Its redistribution was carried out between land users and land categories. A special land redistribution fund was formed, from which land plots were provided for various purposes according to decisions of the executive authorities of the republic, at the request of citizens and legal entities. Their formation was conducted.

The reorganization of agricultural enterprises with the choice of land ownership and management was carried out. Basically, it was shared private property. According to accounting data, as of January 1, 2018, land plots in the right of shared ownership were registered on an area of 686.7 thousand ha, or 41.1% of the total area of

agricultural land. The organization of territories of enterprises engaged in agricultural production was conducted. It was also practiced on the basis of agro landscape micro zoning. The republic has a practically satisfied need for land [7].

It should be noted that since 1991, the land in Mordovia, as well as in Russia as a whole, has become not only state-owned but also private.

The data of the State Real Estate Cadastre (SREC) on land plots for state cadastral registration and registration of rights of citizens and legal entities, results of cadastral assessment of land categories, receipt of land payments to the consolidated budget of Mordovia, and other materials on land resources of the region were used and analyzed.

### III. RESULTS

As a result of land transformations in the region, as of January 1, 2018, 2,612.8 thousand ha were registered, including land of the following categories: agriculture – 1,671.0 thousand ha (64%), settlements – 141.5 thousand ha (5.4%), forest resources – 657.2 thousand ha (25.5%), and specially protected natural areas – 68.8 thousand ha (26%).

There were 1049.3 thousand ha of land in the private ownership of citizens and legal entities, of which 863.0 thousand ha were owned by citizens, 186.3 thousand ha by legal entities, 1,563.5 thousand ha were in state and municipal ownership, or, respectively, 40.16%, 33.0%, 7.1%, and 59.9% of the total area of the region.

It should be noted that the formation of land plots was carried out through a complex of land management and cadastral works with their registration on the state cadastral register, registration of the rights of citizens and legal entities to these land plots and adding this information to the unified state register of real estate. Land owned by citizens and legal entities is subject to land tax.

According to the branch of Rosreestr of the Republic of Mordovia (letter of September 14, 2017 No. 10-27/9200

“On the number of land plots entered into the State Property Committee database in the Republic of Mordovia”), in 2015-2016, 20,810 land plots with a total area of 110.43 thousand ha were formed and put on state cadastral registration in the region and information about them was added to the unified state register of real estate.

According to Rosreestr of the Republic of Mordovia, 85,175 units of land rights were registered during this period, including 83,901 units (98.5%) of property rights, of which 35,532 units (42.3%) were of undivided right. 1,756 units (2.1%) of the total number of the registered property rights to land plots constitute the rights of the state, 3,153 units (3.8%) – of municipalities, 2,707 units (3.2%) – of legal entities, and 74,558 units (88.9%) – of individuals.

In the indicated two years in the region, in addition to the right of ownership of land, 1,268 units of the right of permanent (unlimited) use of legal entities and 4 units of the right of lifetime inherited possession of individuals were registered (letter of the Federal Registration Service in the Republic of Mordovia dated November

29, 2017 No. 02-14/11348 “On registered rights to land”).

Information from the Unified State Register of Real Estate on land plots and on the rights of citizens and legal entities on them is provided regularly to the Office of the Federal Tax Service of Mordovia by the Office of the Federal Register of Mordovia.

The interaction of Rosreestr bodies with tax and other bodies improves the management and use of land resources and increases the flow of land payments to the regional budgets. It should be noted that the provision of information services on cadastral information and the implementation of state land supervision contribute to restoring order [8].

The tax authorities make appropriate calculations for the payment of land tax by individuals and legal entities for the use of land and collect tax based on the information received from Rosreestr of the Republic of Mordovia. The volume of land tax depends on the cadastral value of land plots included in the tax base. The dynamics of the main factors forming the land tax and its return in the consolidated budget of Mordovia for 2006-2017 are given in Table 1.

**Table 1: Dynamics of the main factors forming the land tax and its return from all categories of land in the consolidated budget of Mordovia for 2006-2017.**

| Indicator name                      | Measurement units | On average for 2006-2017 | Of which |           | 2017 to 2006, %    | On average for 2006-2017 |
|-------------------------------------|-------------------|--------------------------|----------|-----------|--------------------|--------------------------|
|                                     |                   |                          | 2006     | 2017      |                    |                          |
| Number of land tax taxpayers, total | thousand units    | 212.2                    | 186.2    | 228.8     | by a factor of 1.2 | 107.8                    |
|                                     | %                 | 100.0                    | 100.0    | 100.0     |                    |                          |
| including individuals               | thousand units    | 208.3                    | 184.2    | 224.2     | by a factor of 1.2 | 107.6                    |
|                                     | %                 | 98.2                     | 98.9     | 98.0      |                    |                          |
| legal entities                      | thousand units    | 3.9                      | 2.0      | 4.6       | by a factor of 2.3 | by a factor of 1.2       |
|                                     | %                 | 1.8                      | 1.1      | 2.0       |                    |                          |
| Tax base for land tax, total        | million rubles    | 67,641.7                 | 24,775.1 | 108,774.3 | by a factor of 4.4 | by a factor of 1.6       |
|                                     | %                 | 100.0                    | 100.0    | 100.0     |                    |                          |
| Including on: individuals           | million rubles    | 29,842.2                 | 11,396.6 | 48,956.3  | by a factor of 4.3 | by a factor of 1.6       |
|                                     | %                 | 41.1                     | 46.0     | 45.0      |                    |                          |
| legal entities                      | million rubles    | 37,799.5                 | 13,378.5 | 59,818.0  | by a factor of 4.5 | by a factor of 1.6       |
|                                     | %                 | 55.9                     | 54.0     | 55.0      |                    |                          |
| Land tax return, total              | million rubles    | 429.8                    | 148.6    | 600.0     | by a factor of 4.0 | by a factor of 1.4       |

There is a tendency for an increase in the number of taxpayers of land tax in Mordovia. Compared with 2006, in 2017, the first year of the transition to the collection of land tax from the cadastral value of land in Russia, their total number increased by a factor of 1.2, including a factor of 1.2 for individuals and 2.3 for legal entities, and amounted, respectively, to 228.8, 224.2, and 4.6 thousand units. Their number increased in relation to the average annual indicator for 2006-2017 and especially for legal entities (1.2).

In the structure of land taxpayers, individuals make up 98% and legal entities – 2.0%.

It should be noted that many taxpayers of land tax have two or more land plots, but are counted as one taxpayer. Stability in number (4.6 thousand units) was observed in 2015-2017 in terms of legal entities as taxpayers of land tax.

Since 2006, the tax base for land tax has been defined as the cadastral value of land plots recognized as taxable following Chapter 31 “Land Tax” of the Tax Code of Russia.

In the region, from 2006 to 2017, the tax base on land tax increased by a factor of 4.4; in terms of taxpayers, individuals – by a factor of 4.3, legal entities – 4.5, and the average annual rate – 1.6. It should be noted that the tax base has increased due to land plots newly provided to individuals and legal entities, their formation, and the increase in the specific cadastral value indicator (SCVI) of lands as a result of updating the first round (2006) of state cadastral valuations of agricultural lands and settlements in 2013. Lands of these categories were associated with, respectively, 6 and 17 types of the allowed use of land plots. The results of the assessment for agricultural lands were approved in 2013 and put into effect from January 1, 2014 and for the lands of settlements, respectively, in 2013 and 2015. Thus, for example, according to the 2013 assessment, SCVI of the 1st group of agricultural lands amounts to 3.26 rubles/m<sup>2</sup> instead of 2.63 rubles/m<sup>2</sup> in 2006, which means it increased by 24%. In the structure of the tax base for land tax, in relation to individuals, it is 45% and legal entities – 55%. An increase in land tax from individuals and legal entities for the use of land should be noted.

The volume of land tax returned in the consolidated budget of Mordovia in 2017 by 2006, increased by a factor of 4.0 and amounted to 600.0 million rubles, which is more than the average for 2006-2017 by 170.2 million rubles, or by a factor of 1.4. An increase in the income of this tax has been observed since 2014 as a result of the use of the results of the second round of the state cadastral valuation of agricultural land (2013) and settlements (2015) that are the main categories, from which the bulk of the land tax is received in the republic.

#### IV. DISCUSSION

When analyzing the structure of land tax revenue for taxpayers in the region, it is noted that most of it comes from legal entities.

On average for 2015-2017, 490.7 million rubles were received from legal entities and 110.5 million rubles from individuals, which amounted to 81.6% and 18.4% in the revenue structure, respectively. It should be noted that in 2017, in the whole country, a decrease in its

income in 2015-2017 by 1.2 million rubles, or 0.2%, was allowed. At the same time, its income from individuals increased by 19.2 million rubles (17.4%), but decreased by 20.4 million rubles from legal entities. (4.2%). It amounted to 78.4 % in the structure of its revenue for legal entities and 21.6% for individuals (Table 2).

In our opinion, for the rational use of the proceeds from the land tax from agricultural land in the consolidated budget of Mordovia, it is necessary to send it to enterprises and organizations involved in agricultural production: those located in the North-Volga forest zone, where sod-podzolic soils prevail, with low natural fertility and acid reaction to measures to increase fertility, and those located in the Volga forest-steppe zone, with ash-erosion landscapes and mainly chernozem, eroded soils. This will undoubtedly contribute to increasing the economic and environmental efficiency of land use, as well as the cost-effective management of agricultural production in the region.

**Table 2: Structure of land tax revenue by taxpayers in Mordovia for 2015-2017.**

| Indicator name             | On average for 2015-2017 |       | including by years |       |                |       |                |       | changes +/-       |        |
|----------------------------|--------------------------|-------|--------------------|-------|----------------|-------|----------------|-------|-------------------|--------|
|                            | million rubles           | %     | 2015               |       | 2016           |       | 2017           |       | 2017 to 2015-2017 |        |
|                            |                          |       | million rubles     | %     | million rubles | %     | million rubles | %     | million rubles    | %      |
| Received land tax, total   | 601.2                    | 100.0 | 559.8              | 100.0 | 643.7          | 100.0 | 600.0          | 100.0 | -1,2              | -0,2   |
| including from individuals | 110.5                    | 18.4  | 96.2               | 17.2  | 105.5          | 16.4  | 129.7          | 21.6  | + 19.2            | + 17.4 |
| legal entities             | 490.7                    | 81.6  | 463.6              | 82.8  | 538.2          | 83.6  | 470.3          | 78.4  | - 20,4            | - 4,2  |

#### V. CONCLUSION

Carrying out a complex of land management and cadastral works, adding reliable information to the unified state register of real estate, and promptly providing them to tax authorities contribute to updating and keeping up to date the list of land taxpayers and tax base, reliability of land tax collection from citizens and legal entities, economic stability in Russia and its constituent entities, reducing social tensions of the population and forming budget of authorities at all levels.

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