

# Adaptation of the national tax policy in the context of Russia's foreign policy activity in the international arena

**Irina Yu. Orzhakhovskaya** (00000-0001-9072-3947)<sup>1</sup>, **Irina V. Koltyreva**<sup>2(1)</sup>,  
**Aleksandr V. Ponomarev**<sup>2</sup>, **Maria P. Glyzina**<sup>3</sup>

<sup>1</sup> Taganrog Institute of Management and Economics, Taganrog, Russia

<sup>2</sup> Interdistrict Inspectorate of the Federal Tax service of Russia No. 23 for the Rostov Region, Rostov-on-Don, Russia

<sup>3</sup> Don State Technical University, Rostov-on-Don, Russia

**Abstract.** The purpose of this study is to identify patterns and processes of adaptation of Russia's tax policy under the influence of foreign policy factors due to the current geopolitical situation in the international arena. The foreign policy activity of the Russian Federation makes it possible to set its priorities, determine the formats and set the course for the entire foreign policy of the state, which certainly requires proper organizational and legal institutionalization. That is why the adaptation measures of the Russian tax policy are very important based on modern realities, built on the basis of sanctions pressure from unfriendly countries towards Russia. This study examined all the measures of the Government of the Russian Federation aimed at adapting taxation and building the course of the state's economic policy in the context of market economy implementation. The ongoing tax policy, which takes into account benefits, deferrals and exemptions from part of the taxation, will allow the development of domestic production, bring it to a new level and stop dependence on foreign investment. Based on the study, a reasonable conclusion was made about the need to maintain a balance between the fiscal and regulatory role of taxation in the context of a slowdown in the growth of the domestic economy due to the influence of the international situation because of Russia's foreign policy activity.

**Keywords:** Foreign policy · Taxation · Geopolitics · Legal regulation · International relations.

## 1. Introduction

The military and ideological confrontation between the interests of the world community and the Russian Federation, caused by the conduct of a special military operation in Ukraine by Russia, led to the imposition of sanctions on all spheres of Russian society, to which, in response, Russia announced counter-sanction measures against unfriendly countries (Furukawa, 2022), which fundamentally changed the system of international economic relations. Undoubtedly, the existing geopolitical relations between states around the world caused a surge of contradictions and sharp conflicts, anti-Russian sentiment all over the world, which obviously needs to be comprehended. That is why the analysis of foreign policy activities of the Russian Federation in the international arena will allow considering the influence of geopolitical factors on domestic tax policy. The foregoing emphasizes the urgency of the problem of adapting the tax policy of the Russian Federation to modern international

---

<sup>1</sup> Corresponding author: [ikoltyreva@mail.ru](mailto:ikoltyreva@mail.ru)

realities, it should be emphasized that it was caused by the start of a new confrontation with Western countries, in particular, this applies to the USA and the European Union due to the ongoing special military operation in Ukraine (Lebedeva, 2001), as well as the transition to settlements with unfriendly countries in the national currency of Russia. This problem was identified in 2014, but today it has changed and is new to domestic legal and economic sciences, despite the fact that external factors influencing domestic tax policy have already been studied by Russian scientists (Badie, 2018; Pogorletsky, 2019; Furukawa, 2022).

In turn, the tax system is the most important element of the economic sphere of the state, since it allows the implementation of fiscal policy, and it is also expedient to approach the state regulation of market relations. The budget of the state is formed due to its fiscal policy, since tax revenues are the key items of state revenues, at the same time, taxes perform the function of redistributing funds, allowing the state to implement social guarantees, ensure stability and sovereignty of the entire territory (Gusevskaya, 2020).

Thus, the geopolitical situation has a direct impact on Russian tax system, since the reaction to the impact of foreign policy factors is not regulatory in nature (i.e. it is rather difficult to predict events in the international arena, the reactions of countries), which does not deny the tools for implementing modern foreign policy activities of the Russian Federation in the international arena. Therefore, this article raises a very relevant topic of adaptation measures of the national tax policy as a consequence of Russia's foreign policy activities in the framework of geopolitical processes.

## **2. Materials and Methods**

When writing the article, general theoretical methods were used: analysis, synthesis, hypothesis formulation and a number of others. Also, special methods of legal science were used during the study, namely: a comparative legal method was used to consider the legal regulation of Russian tax policy before the special military operation in Ukraine and after it began, as well as a method of legal hermeneutics, which allows analyzing the legal interpretation of legal acts.

## **3. Results**

The development of economic relations within the Russian state has a number of conditioned retrospective reasons within the existing financial system that are not directly related to Russia's foreign policy activities in the international arena. However, today's realities, which have arisen due to the special operation carried out by Russia in Ukraine, have outlined a gap in relations between the Russian Federation and the countries of Western Europe and the USA, where information and communication technologies are actively used, on the basis of which the issues of the possibility of Nazism and militarism revival are being discussed and whether Russia is an aggressor (Medinsky, 2019). This approach testifies to the ideological order of the government, which is actually its carrier. In addition, a flurry of sanctions that hit the domestic economy had a very strong impact on the entire financial system of Russia: a massive exit of foreign manufacturers from the market (Dueck, 2022), blocking exports by foreign countries (Abukarova, 2022). All these reasons have become interdependent, having a number of consequences for Russian tax policy, which is trying to adapt and adjust as quickly as possible, not allowing Russia to be drawn into an economic crisis. After all, the tax policy performs the most important tasks of the state, for example, it provides a revenue item of the state budget, forming the financial baggage of the state to create favorable conditions for production development, which allows increasing entrepreneurial activity, smoothing out inequality in society, and a number of other important aspects (Urazova, 2022). Therefore, it is necessary to analyze the legal regulation in the field of reducing the tax burden on business entities, which will allow businesses to adapt to the existing conditions dictated by Western sanctions policy.

Thus, in March 2022, a number of new Decrees of the Government of the Russian Federation were issued, aiming to reduce the tax burden in order to achieve a balance in the current difficult geopolitical situation (Tax Code of the Russian Federation of August 5, 2000 No. 117-FZ, 2022;

Federal Law No. 67-FZ, 2022; Decree of the Government of the Russian Federation of March 30, 2022 No. 512, 2022), therefore, these provisions shall be considered in more detail.

- 1) Preferential corporate income tax, where all firms that pay the specified tax quarterly can switch to advances on actual profits since any month of 2022.
- 2) Postponement of the deadline for paying corporate income tax, as it was shifted by exactly one month from March to April 2022, which allows making an advance payment taking into account the actual indicators of the first quarter.
- 3) Exemption of an IT company from paying income tax at a rate of 3% until 2024.
- 4) All entrepreneurs were allowed to refund VAT on an accelerated basis until 2023 (subject to the following conditions: no violations in the calculation; no bankruptcy or reorganization procedure; the amount of VAT should not exceed the amount of all taxes paid for the previous year).
- 5) As for the hotel business in the period from 01.07.2022 to 30.06.2027, a zero VAT rate was introduced (tourist industry facilities put into operation after 01.01.2022 were added to hotel complexes).
- 6) A luxury car tax changed the threshold for the cost of a car from 3 million rubles and was increased up to 10 million rubles.
- 7) A number of tax deferrals (Simplified Tax System) have been introduced.
- 8) The cost of land tax has been frozen, so the cadastral value for paying the land tax in 2023 will be taken for the period of 01.01.2022.
- 9) From March 09, 2022, penalties for legal entities were canceled, and the practice of blocking accounts by departments of the Inspectorate of the Federal Tax Service of the Russian Federation of tax debtors was suspended.
- 10) Tax holidays for individual entrepreneurs have been extended until 01.01.2025.

Thus, the sanctions regime of Western Europe and the USA (Sidorova, 2022) and retaliatory sanctions of the Russian Federation have already had a negative impact on the Russian economy, but also had a strong impact on the economy and counterparties, thus, inflation, lack of raw materials, fuel and energy make the world think and talk about the seriousness of the current geopolitical situation, since one can already talk about the prospect of stagnation and recession in unfriendly countries. In turn, Russia is trying as much as possible to maintain a balance between the ongoing tax policy and the stimulating role of taxes. After all, a decrease in the income of the population will cause a reduction in state, regional and local budgets, in particular, this applies not only to domestic producers, but also to exporters of goods and services, which are currently under sanctions pressure from the West or were forced to withdraw their production from the Russian market.

#### **4. Discussion**

Today Russia is in a difficult situation in terms of not only economic management, but also the political situation in the international arena, therefore, it will be correct and wise for the Russian Federation to pursue a policy of detente in relation to taxation, which will allow Russian producers and the population to overcome the current geopolitical situation (Polyarush, 2019). It is believed that the measures taken to reduce tax rates, tax exemptions, as well as the possibility of deferrals and “tax holidays” will allow Russian society to adapt to modern circumstances as quickly as possible with minimal losses.

It is difficult to deny that today’s crisis does have a significant impact on every Russian citizen, every organization operating in the territory of the Russian Federation, however, the economic crisis has affected both Western European states and the USA (Badie, 2018), which are also forced to take a number of measures to reduce tax rates, adapt to current geopolitics.

To confirm the importance of such an adaptive tax policy measure, the following possible prospects for the development of Russia can be cited (Decree of the President of the Russian Federation of November 30, 2016 No. 640, 2016). Thus, the exemption of the hotel business and tourist facilities

from paying VAT (Tax Code of the Russian Federation of August 5, 2000 No. 117-FZ, 2022) will allow Russian tourism to reach a new level, receive more tourists, develop own resort destinations, allowing the formation of the necessary infrastructure for the future of the entire population.

Another example is tax exemption for IT companies (Tax Code of the Russian Federation of August 5, 2000 No. 117-FZ, 2022), which will allow IT specialists to develop their business in Russia without leaving the homeland, leaving the most important achievements here, allowing Russia to become a developed information society.

## 5. Conclusion

Summing up the results of the study, one can say that the Russian Federation is conducting active foreign policy activities in the international arena in the interests of its own population, which is negatively assessed by Western European states and the USA, expressed in an attempt to impose sanctions on Russia. That is why the competent adaptation of tax policy in the new geopolitical conditions is very important. It has been proved that the Russian Federation is making every effort to adapt the tax policy to the prevailing realities, expressed in legal regulation during the period of the special military operation in Ukraine.

The study found that foreign policy activities have a direct and close connection with the internal policy of the state in the process of ensuring the stable development of statehood and protecting its interests. It is important to maintain a balance between the fiscal and regulatory role of taxation in the context of a slowdown in the growth of the domestic economy due to the influence of the international situation due to Russia's foreign policy activities. Therefore, the achievement of a balance between the fiscal and regulatory role of taxation will make it possible to carry out competent adaptation and perform Russia's foreign policy activities in its own interests.

## References

1. Nalogovyi kodeks Rossiiskoi Federatsii ot 5 avgusta 2000 g. N 117-FZ: chast vtoraya (red. 01.05.2022g.) [Tax Code of the Russian Federation of August 5, 2000 No. 117-FZ: Part Two (as amended on May 1, 2022)] (2020). Accessed on: November 22, 2022. [Online]. Available: [http://www.consultant.ru/document/cons\\_doc\\_LAW\\_28165/](http://www.consultant.ru/document/cons_doc_LAW_28165/)
2. Federalnyi zakon ot 26 marta 2022 g. № 67-FZ «O vnesenii izmenenii v chast' pervuyu i vtoruyu Nalogovogo kodeksa Rossiiskoi Federatsii i statyu 2 Federalnogo zakona «O vnesenii izmenenii v chast' vtoruyu Nalogovogo kodeksa Rossiiskoi Federatsii». [Federal Law No. 67-FZ of March 26, 2022 "On Amendments to Parts One and Two of the Tax Code of the Russian Federation and Article 2 of the Federal Law "On Amendments to Part Two of the Tax Code of the Russian Federation"] (2022). Accessed on: November 22, 2022. [Online]. Available: <http://publication.pravo.gov.ru/Document/View/0001202203260011>
3. Ukaz Prezidenta RF ot 30 noyabrya 2016 g. № 640 "Ob utverzhdenii Kontseptsii vneshnei politiki Rossiiskoi Federatsii do 2030 goda" [Decree of the President of the Russian Federation of November 30, 2016 No. 640 "On approval of the Foreign Policy Concept of the Russian Federation until 2030"] (2016). Accessed on: November 22, 2022. [Online]. Available: <http://www.kremlin.ru/acts/bank/41451>
4. Postanovlenie Pravitelstva RF ot 30 marta 2022 g. № 512 "Ob izmenenii srokov uplaty naloga (avansovogo platezha po nalogu), uplachivaemogo v svyazi s primeneniem uproschennoi sistemy nalogooblozheniya v 2022 godu" [Decree of the Government of the Russian Federation of March 30, 2022 No. 512 "On changing the deadlines for paying tax (advance tax payment) paid in connection with the application of the simplified taxation system in 2022"] (2022). Accessed on: November 22, 2022. [Online]. Available: [http://www.consultant.ru/document/cons\\_doc\\_LAW\\_413189/](http://www.consultant.ru/document/cons_doc_LAW_413189/)
5. B. Badie, *Durkheim, l'integration*, in G. Devin (ed.) 10 concepts en socioologie de relations internationales 197-216 (CNRS Éditions, Paris, 2018)

6. C. Dueck, This Is the Key to a Successful Trump Foreign (2017). Accessed on: November 22, 2022. [Online]. Available: <https://www.fpri.org/article/2017/05/key-successful-trump-foreign-policy/>
7. M.U. Abukarova, Bul. Sci. **3(48)**, 154-158 (2022)
8. N.Yu. Gusevskaya, Kant **3(36)**, 119-128 (2020)
9. M. Lebedeva, Formation of a new political structure of the world and Russia's place in it (2001). Accessed on: November 22, 2022. [Online]. Available: <https://archipelag.ru/geoeconomics/global/megatrend/forming/>
10. V.R. Medinsky, Teoreticheskie osnovy vneshnepoliticheskoi deyatel'nosti Rossii [Theoretical foundations of Russia's foreign policy activities] 241-248 (Norma, Moscow, 2019)
11. A.I. Pogorletsky, Bul. Volgograd State Univ. Ser. 3: Econ. Ecol. **6**, 114-121 (2019)
12. A.A. Polyarush, Epoch Sci. **19**, 145-148 (2019)
13. L.B. Sidorova, Greater Eurasia: Devel., Sec., Cooper. **5(1)**, 530-534 (2022)
14. K.A. Urazova, Fin. Markets Banks. **2**, 15-19 (2022)
15. E. Furukawa, Agressivnaya diplomatiya Putina: vnesti raskol i oslabit soyuznikov, vospol'zovavshis' khaosom v SShA [Putin's aggressive diplomacy: splitting and weakening allies by taking advantage of the chaos in the USA] (2022). Accessed on: November 22, 2022. [Online]. Available: <http://inosmi.ru/politic/20170620/239626854.html>