

Tax Problems of Shadow Sector Functioning in the Industry and other Spheres of the Region Economy

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Abstract: In study the signs of shadow economic activity including premeditation of damage to the state caused in any form as well as existence of manifestations of criminal character are considered. The definition of the term “shadow economy” allowing to develop methodical and economicmathematical tools of the analysis of economic activity in a shadow segment is offered. It is shown that the main differences of standard schemes of tax avoidance are caused by legal form, branch and regional specifics of activity of businessmen. Regional and branch specifics of functioning of shadow sector of economy in subjects of the North Caucasian Federal District are considered. An assessment of scales and structure of a shadow economy in an industrial complex of Stavropol Krai and extent of its influence on stability of functioning of the territorial budgetary taxation system is given. As the main instruments of counteraction to expansion of shadow sector of economy liberalization of system of tax control with simultaneous strengthening of an analytical component in work of taxing authorities for the purpose of growth of risks and transactional expenses for the businessmen conducting activity in shadow sector of economy is offered.

Key words: Shadow economy, tax control, industrial complex, budgetary system, region

INTRODUCTION

Complication of structure of an economic complex, conditions of its functioning and government relations cause existence of shadow sector of economy in scales as developed and the developing states. Meanwhile, now there is no standard opinion concerning the concept “shadow economy”. Some researchers use the term “secondary economy” (secondary economy) (Clotfelter, 1983), “irregular economy” (unregulated economy) (Bruno and Week, 1974), “underground economy” (underground economy) (Friedman *et al.*, 2000), “parallel economy” (parallel economy) (Johnson *et al.*, 1997), “the shadow economy” (Lats and Kovalyov, 2006), “illegal economy” (Stepanov, 2011) as well as “informal economy” (informal economy) (Shiryaeva, 2009) and “shadow economy” (shadow economy) (Kuzmenko *et al.*, 2016).

Use of the terms stated above does not influence essence of the considered concept which characterizes implementation of economic activity with violation ethical and precepts of law. And any formal social system in the development follows the established principles of functioning and its shadow component breaks them, though can bring a certain economic benefit. In the

Russian practice, for example unfair taxpayers in whole or in part do not consider the principles of the tax legislation in the course of the activity.

CONCEPT AND SIGNS OF A SHADOW ECONOMY

The integral property of shadow activity is deliberate violation established moral and precepts of law. Random errors in accounting which consequence understating of a taxable basis can turn out to be cannot be carried to manifestations of shadow character. Them insufficient competence of the expert or the bad organization of work of the relevant service can be the cause.

Thus, it is possible to carry the following to signs of shadow economic activity: existence of enterprise risk; receiving profit with violation existing in the company of ethical and precepts of law; concealment or distortion of information on intermediate or resulting effects; premeditation of damage to the state caused in any form; existence of manifestations of criminal character (Table 1).

If the economic entity is characterized by the majority of 1 signs given in Table 1, then its activity will have the expressed shadow character. At the same time, public

Table 1: Main characteristic signs of a shadow economy

Signs	Characteristics
Implementation of an entrepreneurial activity	Activity is followed by enterprise risks and is focused on obtaining the income from production or commercial operations
Discrepancy to obvious economic, ethical legal and other standards of the organization of activity	Earlier established norms of the organization of an entrepreneurial activity do not allow realization of the economic, ethical, legal and other relations accepted by economic entity within the endogenous and exogenous market environment but results of managing differ in efficiency
Violation of legislatively established rules of business	Business is carried out beyond the scope of legislatively regulated administrative, technical and technological, tax, labor, health or other regulations. It can render both negative and positive impact on current state of economy of the state and its development in strategic prospect
Absence or limitation of information on character, branch accessory, intermediate and resulting effects of functioning	Concealment or distortion of information on the true content of economic transaction allows economic entity to reach considerable commercial effect. It can be expressed as due to the evasion which gained distribution from registration in taxing authorities and by means of implementation of more difficult schemes of formation of the unreasonable income
Premeditation, sensibleness, regularity of implementation of activity beyond the scope of the operating standard and legal base	This sign allows not to carry to the sphere of shadow business economic entities which allow violations of production schedules, random errors under the authority of accounting and tax accounting, registration of the contractual relations with contractors, distribution of pecuniary rewards between owners and workers
Lack of obvious expediency of business from positions of realization of economic interests of the state and society in general	The entrepreneurial activity can not express economic interests of the state and society in the current period, and is focused on obtaining global effect in strategic prospect due to realization of essentially new technical and technological or organizational transformations
Existence of a criminal component in the organization or realization of activity	The criminal segment of an economic complex does not submit not only to the existing normative legal acts but also the proved economic laws of development of society. Some economic crimes are penal including tax avoidance

authorities can temporarily not make efforts to full legalization of this sort of business because of the economic difficulties existing in the country. In particular, it belongs to the attraction of work of illegal migrants which gained distribution eliminating deficiency of own labor, to existence of the unregulated markets, etc. In a certain measure such situation can bring also some benefit to society, for example, to eliminate social tension, to provide flexible reaction of economy to processes of globalization, activation of scientific and technical progress.

Considering the arguments given above, definition of the concept “shadow economy” can be formulated as follows: it is set of the economic relations which are purposely hidden or distorted by economic entities leading to maximizing their profit by means of violation of administrative, financial, tax, labor, sanitary and other legislatively certain standards that leads to decrease in the budgetary income of the state in the current prospect and causes damage to society in any form. Considering this definition as a conceptual basis, it is necessary, our way for opinion, to develop methodical and economic-mathematical tools of assessment of volumes, structures of a shadow economy and its influence on social and economic processes in the country and in scales of certain territories.

TAX AVOIDANCE AS ELEMENT OF A SHADOW ECONOMY

Evasion from the taxation is understood as the financial and economic operations which do not have the business purpose, directed to obtaining unreasonable tax benefit (Vasin and Vasina, 2002). Evasion from the

taxation assumes creation of specific models of conducting financial and economic activity, accounting and tax accounting, documenting of civil circulation. Unreasonable tax benefit can be received by means of not charge of a tax, tax avoidance, illegal compensation of a tax from the budget.

The scheme of evasion from the taxation set the financial and economic operations and ways of their reflection in document flow of the taxpayer directed to obtaining unreasonable tax benefit (Allingham and Sandmo, 1972). It represents a standard set of actions for tax avoidance with minor changes widely applied by taxpayers.

It is possible to distinguish many typical actions for evasion from the taxation from the used schemes. Many schemes use the same principles at concealment of tax base and differ in the insignificant elements which are often caused by legal form, branch and regional specifics of activity of economic entity. On the basis of instructive documents of supervisory authorities and publications on the revealed economic offenses we will formulate the following criteria of group of ways of evasion from public norms, rules and obligations (Vasin and Vasina, 2002; Inshakov and Inshakova, 2008; Lats and Kovalyov, 2006; Glotova *et al.*, 2014; Pil, 2005; Johnson *et al.*, 1997): list of participants of the unlawful relations; types of economic activity; subjects of the account; ways of causing damage; degree of complexity of realization of violation of the law.

The presented classification is focused on detection of typical schemes of realization of the offenses consciously applied by economic entities. The criterion of group on the list of participants considers that schemes of evasion are implemented as a rule, through special

contractors. Participation in transactions of affiliated persons, recently created enterprises, offshore structures is one of indicators of probable application by economic entity of the scheme of evasion. Classification criteria from the groups “types of economic activity”, “subjects of the account”, the “forms of operations” applied to concealment or distortion of information it is necessary to staticize periodically.

Classification aims at development of uniform methodological bases of identification of shadow economic activity in various spheres. She will also help to create the database about ways of evasion from the standard norms, rules, obligations. With its help information support of decision-making when holding control actions can be carried out. Application of the offered classification will also simplify information exchange between the structures counteracting a shadow economy.

It should be noted that influence of system of the taxation on social and economic processes often happens indirectly and is followed by existence of difficult relationships of cause and effect. For example, strengthening of fiscal function leads to deterioration in a financial position of taxpayers that, in turn, leads to growth of shadow sector of economy, decrease in investment appeal of the territory and other negative phenomena. On the other hand, the shadow sector is an obstacle for active implementation of investments into national economy and its regions. Therefore, the modern tax and budgetary policy has a number of disproportions which existence allows to draw conclusions on existence of essential threats to sustainable development of regions.

Tax avoidance traditional and, according to a number of researchers, the biggest source of formation of a shadow turn extended around the world (Yitzhaki, 1974). In Russia, there is own dominating source of shadow profit which is closely connected with process of evasion from the taxation shadow transfers. According to Peskov (2013), the main reason of it is covered, on the one hand, in requirement of economic entities for unaccounted cash and with another in imperfection of the mechanism of detection of similar schemes.

The preference of shadow activity before official is as a rule, caused by economic feasibility. The concept “expediency” of this context means an optimum ratio of profitability, riskiness and usefulness (Agarkov, 2008). The decision on economic feasibility of conducting shadow activity is made by economic entity under the influence of a difficult complex of factors. For each subject the ratio of extent of their influence individually also

depends on features of psychological perception of dangers, the available opportunities and resources but each of them maximizes the profit.

With some convention of the reason, generating tax avoidance, it is possible to classify as follows. At first sight can seem that objective factors are the cornerstone of all set of the reasons: legal organizational, market, fiscal. Actually everything looks much more difficult as subjective ideas of taxpayers of need and legitimacy of implementation of the obligations quite often dominate in structure of the reasons of evasion. Some taxpayers believe that public authorities carry out irrational expenditure of the budgetary resources, unfairly distribute funds for financing of the public benefits, incorrectly form domestic economic policy. It is a source of so-called opportunistic behavior of taxpayers and evasion from performance of the corresponding tax obligations.

Existence of a shadow economy but not just desire of economic entity to apply the scheme of evasion from the taxation and to pay less taxes is a source of unbalance and significant threat of social and economic stability of the state. It is explained by a number of factors.

First, the shadow segment of economy has properties of evolutionary expansion because of increase in requirements of economic entities for unaccounted financial resources. It is caused by the fact that the law-abiding organizations doing legal business appear in the conditions of unfair competition. Prime cost of production made by them appears higher; for them access to the budgetary resources distributed by the corrupted officials is complicated; unreasonable pressure from the dishonest staff of supervisory authorities is put upon these enterprises. The external environment created thus motivates heads of the enterprises to introduce shadow ways of business and to apply illegal ways of tax minimization.

Secondly, extremely negative environment is formed by the fact of existence and successful functioning of informal sector of economy. Interacting with representatives of shadow business, the law-abiding enterprises are forced to borrow deviant models of implementation of accounting and tax accounting and, thus, to violate the current legislation. The considerable sizes of informal sector of economy as a part of separate branch or a territorial reproduction complex simplify transfer of resources to a shadow turn for economic entity. In particular, the organizations offering services in evasion from the taxation quite often work in emerging economies.

It is known that from legal positions functioning of shadow sector of economy is represented extremely negative and inadmissible. From the economic point of view processes of tax minimization are very difficult

and diverse. In particular, it is impossible to claim unambiguously that evasion from the taxation has negative only consequences. On some assessment, to a third of value added in an industrial segment of economy it could be received only with attraction of informal sector. Therefore, if there was no shadow production, then achievements of an open economy would be more modest. Also the opinion of some scientists concerning the fact that the shadow economy stimulates growth of consumer expenses, especially on services and objects of long use (Clotfelter, 1983; Pil, 2005) gained distribution in the scientific environment.

Quite reasonable it is possible to consider the statement that income gained as a result of evasion from the taxation as a rule, moves further to an open economy by means of distribution to expansion of production and personal consumption. It increases solvent demand and through action of an accelerator stimulates growth of volumes of production capacities that, in turn, leads to improvement of public welfare. According to results of some researches, not <66% of income gained in shadow sector are legalized in an open economy. It defines a considerable part of consumer demand, stimulates economic growth and the budgetary receipts from indirect taxes (Douglas *et al.*, 2005).

Expediency of accumulation of additional money on expansion or modernization of production capacities belongs to the compelling reasons of evasion of the enterprises from the taxation. Creation of new jobs, a growth in volumes of production and increase in its quality, reduction of price of goods, etc. can turn out to be consequence of it. At the same time, tax minimization can gain the amplifying cumulative character and its negative affect dynamics of the budgetary income.

It should be noted that the vector of positive manifestations of processes of tax avoidance has the direction from national economy, micro to macrolevel and negative the return to it. The last circumstance is reasoned with the fact that the deficiency of the budgetary income resulting from tax minimization forces the state to increase the tax pressure upon law-abiding economic entities. Then, in official sector economic activity and, therefore, welfare of workers and the population in general inevitably decreases. Thus, ignoring of existence of difficult interrelations between positive and negative sides of functioning of shadow sector of economy would be simplification of the difficult nature of consequences of evasion from the taxation.

REGIONAL AND BRANCH SPECIFICS OF THE ECONOMY SHADOW SECTOR FUNCTIONING

Regional features of functioning of shadow sector of economy in many respects are defined by branch

structure of an economic complex, a condition of reproduction potential, a geographical location of the territory of rather leading foreign markets, security with own manpower, historically developed mentality of the population. In particular, a considerable part of the shadow business of Russia accompanying the activity with tax avoidance is concentrated in the North Caucasian Federal District (NCFD). Main spheres of shadow turnover of products of its enterprises following: unlicensed production of oil products and their realization; illegal catch of fish of sturgeon breeds, conservation of caviar and its realization through underground retail chain stores; unlicensed production of alcoholic beverages, release of counterfeits under the known trademarks; implementation of illegal export-import transactions through borders of Azerbaijan and Georgia. Thus, the processing productions dominate in a shadow turn of North Caucasus Federal District (Inshakov and Inshakova, 2008).

According to approximate estimates, about 30% of able-bodied population of North Caucasus Federal District are in a varying degree involved in shadow business. These indicators in the republics Northern Ossetia-Alania, Ingushetia, Dagestan are especially high. Because of excess of indicators of the offer over demand for a manpower the legal income of citizens does not correspond to necessary consumption level. It motivates the population to implementation of informal work, stimulates functioning of shadow business, including in industries. Meanwhile it is known that in economically developed countries of an industry are not attractive to development of shadow sector.

The most important resource sources of financing of shadow business in regions of the North Caucasus is the following: the budgetary funds redistributed in the form of corruption payments and transformed to the illegal income; not registered income from the personal subsidiary farms which are actually functioning in the mode of commodity productions; money of the labor migrants leaving for works as North Caucasus Federal District; the income of the population from home shopping service in the ware and food markets as well as from rendering recreational services; illegal income of industrial productions, including food. The last is especially developed in the sphere of production of alcoholic products by the enterprises of small and medium business, production of footwear, products from wool and fur, construction materials, etc.

The economic North Caucasus Federal District complex is characterized by high degree of individual employment of the population: in personal subsidiary farms, handicraft works, business without formation of legal entity. In some republics this indicator reaches

47-48% of average annual number of an occupied population and mainly belongs to a shadow segment of economy. According to taxing authorities, the share of the registered individual entrepreneurs who are carrying out the activity without formation of legal entity (PBOYL) is unacceptably low in some subjects of North Caucasus Federal District. So, in the Republic of Dagestan it makes only 7% of average annual number occupied and in the Chechen republic and the Republic of Ingushetia this indicator reaches 12%. It is easy to assume that other citizens belonging to the category self-employed make products and enable its realization without legal registration of activity and tax payment.

Considerable scales of shadow business in the South of Russia are caused by surplus of a manpower and monopolism of employers in labor market, the low level of the official salary. Deficiency of vacancies in official sector of economy forces the population to agree to rather unprofitable and risky conditions of employers. An important role in it is played by inefficiency of work of the public authorities controlling labor market, high level of corruption.

In the Republic of Dagestan the main share of a shadow turn is concentrated in oil and gas branch, fuel facility, production and realization of alcoholic products, fish industry, flour-grinding and bakery productions, construction and production of construction materials. It allows the population to have considerable volumes of the informal income and to spend them generally for acquisition of foreign currency but not to invest in reproduction of assets of the enterprises.

In the Republic of Ingushetia oil fields became a basis of development of shadow business of self-employed citizens who in personal subsidiary farms created small productions on processing of hydrocarbons and receiving motor fuel. The business organized thus is low technological, has criminal character but is almost only stable source of the income of the citizens occupied in this sphere.

In Kabardino-Balkar Republic and the Republic Northern Ossetia-Alania the greatest share of shadow business is the share of the distillery industry. According to information of regional taxing authorities, >60% of everything of the amount of vodka which is released here illegally are produced on officially operating plants which as a rule, forge accounting reports and show lack of economic efficiency. Such organizations evade from the taxation, without paying the profits tax.

Excises are also a subject of considerable tax offenses from the enterprises of North Caucasus Federal District making alcoholic products. In this case large volumes of illegally produced alcohol are delivered in officially functioning retail chain stores with use of

counterfeit excise stamps. Also execution of fictitious transactions between the enterprises of branch for the purpose of receiving and involvement in an illicit trade turnover of original excise stamps gained distribution. The original brands arriving on one of the manufacturing enterprises of alcoholic products on various pretexts admit further destroyed. Actually, they in whole or in part are on sale to other enterprise which pastes over with them parties of illegally made alcoholic products for delivery to retail chain stores.

In the Chechen republic low technological oil refining and gas condensate became the essential sphere of conducting shadow business. The source of raw materials of these productions was created within the last decades in the form of the micro-reserves of oil formed in numerous special small underground capacities. The motor fuel produced thus has low indicators of quality but provides the shadow income of the population occupied with handicraft work of oil products. State bodies of the republic make efforts for elimination of this sort of business but so far is not achieved desirable results in this part yet.

Illegal industrial productions of different types of production, of course, generate a complex of threats to steady functioning of the economic North Caucasus Federal District complex. In too time they give the chance to level a considerable part of problems of economic character: unbalance of indicators of supply and demand in regional labor market, the low level of the income of bulk of the population, not sufficient budget financing of the organizations of the social sphere. In this regard the efforts of supervisory and supervisory authorities undertaken in the direction of reduction of shadow sector of economy have to be carefully weighed and their dynamics has to have evolutionary character.

ASSESSMENT OF ECONOMY SHADOW SECTOR SCALES IN AN INDUSTRIAL COMPLEX OF STAVROPOL KRAI

In Stavropol Krai, the being leading region of North Caucasus Federal District, less considerable sizes, than in other territories of the district have shadow business. At the same time, informal operations are performed here both by the enterprises of small and medium business and large economic entities. The last distort accounting reports and violate the tax legislation for the purpose of reduction of costs for production. The enterprises of processing industry, in particular, overstate the cost of the acquired agricultural raw materials, monetary assessment of its losses at storage and transportation. It gives them the chance to get additional profit beyond the scope of official accounting and to send it to a shadow turn.

Table 2: Results of assessment of shadow sector scales in the industry of Stavropol Krai

Indicators	2011	2012	2013	2014
Basic index of electricity consumption by the enterprises	1,42	1,44	1,51	1,56
Consumer price index in the region	108,3	112,5	115,1	109,0
The output in the current prices, million rubles	60560,4	82052,0	106614,2	114643,5
The output in the prices of the basic period (mln. rub.)	55 533,90	64 985,20	68 339,70	63 168,30
The output taking into account a shadow component (mln rub.)	61 476,03	71 288,76	74 558,61	69 990,48
The volume of a shadow economy in the industry of the region (mln rub.)	5 942,13	6 303,56	6 218,91	6 822,18
Share of shadow sector in an industrial complex of the region (%)	10,7	9,7	9,1	10,8

Production of industrial output in Stavropol Krai is characterized by high degree of power consumption. This regional indicator almost by 1.5 times exceeds the corresponding value on average about the country. Can seem that the enterprises of edge inefficiently use energy resources. Actually about 30% of the consumed electric power are the share of shadow sector of economy which production is not fixed by the official statistical reporting.

In general dynamics of energy consumption in comparison to dynamics of production can indirectly characterize changes of the sizes of a shadow segment of economy. And concerning the enterprises of an industrial complex such estimates can be quite adequate (Agarkov, 2008). As production technologies of production at the largest enterprises of the industry of Stavropol Krai essentially were not updated in recent years, the significant increase in energy consumption which is not corresponding to growth rates of production will be inevitably connected with development of shadow sector of economy (Kuklin *et al.*, 2003).

For implementation of indirect assessment of scales of a shadow economy by means of an indicator of energy consumption it is necessary to realize five main stages: summation of volumes of the electric power consumed by the enterprises of the region for the considered time period; determination of total productions of production in value terms for the same period; reduction of the received outputs in branches of regional economy to expression in the comparable prices; determination of total volumes of production taking into account a shadow component of an economic complex; assessment of shadow sector scales as a part of regional economy. Results of the carried-out calculations on the example of Stavropol Krai are presented in Table 2.

In this case share value of shadow sector at the level of 9.1-10.8% for the considered period characterizes mostly processing component of an industrial complex as this segment of industrial production differs in high elasticity of volumes of production concerning energy consumption.

In comparison with other branches of economy, for example, service trade, the processing industry is characterized by low indicators of the informal economic relations. It is caused by the fact that the large enterprises

dominating in industrial production carry out as a rule, legal economic activity and do effectively organized business.

The budgetary interests of the state demand reduction of the sizes of a shadow economy as the increment of volumes of tax revenues even for 10% gives the chance significantly to improve financing of socially important programs (Kuzmenko *et al.*, 2015). Regarding industrial productions the main reserves of prevention of tax offenses are put in two types of tax: on profit and on value added. Their sizes significantly are defined by the current economic activity and efficiency of administration that does not exclude a possibility of evasion of economic entities from payment.

Taxing authorities of the region within the last 4-5 years significantly improved work on prevention of tax offenses at the enterprises of the industry. In this regard and the sizes of the tax debt on profit and value added annually decrease (Table 3).

The analysis of the data presented in Table 3 demonstrates that the debt on the profits tax of the enterprises of the industry of the region in 2014 was reduced by 6.9 times and on a value added tax by 2.1 times. It is a consequence of improvement of level of tax discipline at the enterprises of branch and reduction of the sizes of the informal economic relations.

Meanwhile, the total sizes of tax debt in the region are characterized by a tendency to increase. And average annual growth rates of this indicator during 2014, 2015 make 26.1%. This rather high value allows to draw a number of conclusions: first, the economic complex of the region does not function in the balanced state and its separate branches generate economic threats; secondly, there are regional problems with tax payment which are resolved successfully at the industrial enterprises and are aggravated in the organizations of other spheres of economy; thirdly, in the short term it is necessary to intensify holding preventive actions for prevention of violations of the tax legislation, to stimulation of an entrepreneurial activity within official economy.

In Stavropol Krai and in general in North Caucasus Federal District the construction branch, agro-industrial complex and service trade differ in the highest activity of the informal economic relations. And these estimates are

Table 3: Dynamics of debt on tax revenues in Stavropol Krai (mln. rub.)

Tax types	Years			
	2011 Γ	2012 Γ	2013 Γ	2014 Γ
Income tax	551,6	275,0	185,2	79,9
VAT	1103,8	950,4	770,5	515,2
In total on tax revenues	8887,8	14479,8	15687,5	17262,8

based on relative indicators but not the absolute sizes of a shadow turn. On absolute measures of shadow activity the leading positions in the region are taken by processing industry but the specific sizes of a shadow turn are low here.

INSTRUMENTS OF COUNTERACTION TO EXPANSION OF ECONOMY SHADOW SECTOR

Counteraction to expansion of shadow economic activity, to tax avoidance has to have system character and not to become only a package of measures of retaliatory property. The last cannot be allowed in the modern society having high information opportunities and strategic reference points on creation of partnership in the “state-business-the population” system (Tomilina *et al.*, 2013). Rather developed information technologies allow to create the transparent environment for business and implementation of all economic operations. The system of electronic payments which gained distribution gives the chance now to track cash flow in the “on line” mode on all more or less difficult trajectory: from usual operation of purchase and sale before tax payment and their transfer in the budgetary system of the country. In this regard formation of the atmosphere of mutual trust between management of the enterprises, their workers and government institutions is quite achievable in the medium term. It will allow to reduce significantly volumes of a shadow resource turn in Stavropol Krai, North Caucasus Federal District as well as in scales of national economic space.

The researches conducted by us show that the large industrial enterprises of the region which are budget forming taxpayers do not seek to hide the income and to finance creation of shadow assets. Advantages of attraction of financial resources of investors by means of corporate bonds, placements of the IPO and introduction of other financial instruments in legally functioning business for owners much more surpass benefits from receiving additional resources by means of shadow activity.

Positive influence pays also special attention of supervisory authorities to large economic entities. Meanwhile, actions for diagnostics financial and flows of

commodities of the large enterprises, to control of dynamics of their tax load have to be continued. Special attention should be paid to the large companies which are not adhering to the modern principles of financial transparency, widely practicing schemes of decrease in tax base by means of transfer pricing.

It is necessary to pay special attention to counteraction to shadow sector in the sphere of dynamically developing consumer market and financial services. At the same time control actions should not interfere with economic growth. It is necessary to apply the best international practices, to widely use information and analytical systems.

Instruments of counteraction to expansion of shadow sector of economy can be divided into three groups conditionally: administrative, liberal and complex. The first assume neutralization of shadow sector mainly strengthening of administration and punitive measures. At their realization increase in a role of state regulation in management of region economy, strengthening of control of bank and foreign trade spheres, toughening of tax administration will be demanded. The second provide implementation of the concept of liberalization of the taxation system, decrease in level of administrative barriers, reduction of number of the licensed kinds of activity, increase in attention to ensuring processes of self-regulation in economy of regions. The third include a combination of measures for creation of economic incentives for honest business and high risks for the economic entities which are carrying out shadow economic activity.

In the field of improvement of the taxation system realization of a number of instruments of liberal and administrative maintenance, in particular, increase in openness of the tax relations in the direction of simplification of charge of taxes by the enterprises and their checks by taxing authorities is necessary (Yitzhaki, 1974).

The main objective of supervisory authorities at implementation of this scenario is creation for the enterprises transferring resources to shadow sector, high risk of disclosure and receiving substantial damages. Achievement of such effect is possible by means of expansion of an analytical component in research of taxing authorities, widespread introduction of information technologies in control activity. Creation of risks for defaulters has to be supported by toughening of sanctions for violators of the tax legislation and creation of the effective mechanism of their application.

The main threat at implementation of this scenario is need of institutional transformations. The solution of such tasks as reforming of law enforcement agencies for

the purpose of ensuring real protection of property, improvement of work of regulatory authorities, creation of the consistent tax legislation is beyond regional economic problems and demands adoption of effective administrative decisions in political, public and legal spheres.

CONCLUSION

Thus, the solution of the problem of minimization of negative impact shadow sector of economy is provided with formation of set of the special tools of economic and from public norms, rules, obligations taking into account branch and regional specifics. Results of modeling of shadow sector scales of economy in regions of North Caucasus Federal District are confirmed by need of creation of the institutional conditions allowing to stimulate at the same time economic activity among law-abiding businessmen and to increase the level of risks for the economic entities conducting illegal activity.

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