SPECIFICS AND PROBLEMS OF TAXATION OF RENEWABLE AND NON-RENEWABLE NATURAL RESOURCES

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ABSTRACT

The unevenness of providing countries with natural resources, as well as their consumption, puts forward a number of regularities in the economic development of different countries. The first relates to the need to find ways to better manage natural resources in the face of scarcity. The problem is particularly acute for developed countries. As a matter of fact, their variant of industrial development in last decades (economy of resources) and is resource way of economic development.

The urgency of the problem of development of financial and legal mechanisms of seizure of natural rent from subsoil users is explained, firstly, by significant fiscal role of income from taxes and payments paid by enterprises of the extractive sector, and, secondly, the increased need to stimulate the investment attractiveness of the industry in relation to completeness resources, depletion of old deposits, price fluctuations and many other factors.

In the modern economic situation, the decrease of dependence of state budget policy on oil-producing branches of national economy becomes more and more urgent due to limited resources. One way to avoid such dependence is to use the natural resources that are to be restored, namely water; fauna and flora, as well as the forest fund, which is a collection of wood and other forest values. Its effective use can, without damaging the environment, significantly increase the level of budget revenues compared to the income generated under current conditions.

Keywords: renewable and non-renewable natural resources, taxation, natural rent, economic assessment

INTRODUCTION

Natural resources are the components of nature, which at this level of development of productive forces are used or can be used as means of production (objects and means of work) and commodities.

The state, as the owner of most natural resources, should receive income from their use by charging the appropriate fee, which is based on their economic valuation. The difference between approaches to economic assessment of the latter determines the different level of fees for the use of natural resources. Types and sizes of such payments are affected by the type of resource, its quality properties, purposes of use. Payment for the use of natural resources is mainly in the form of taxes [1].

When considering reserves of natural resources and the volumes of their possible economic seizures, they use the notions of finite reserves (Figure 1).

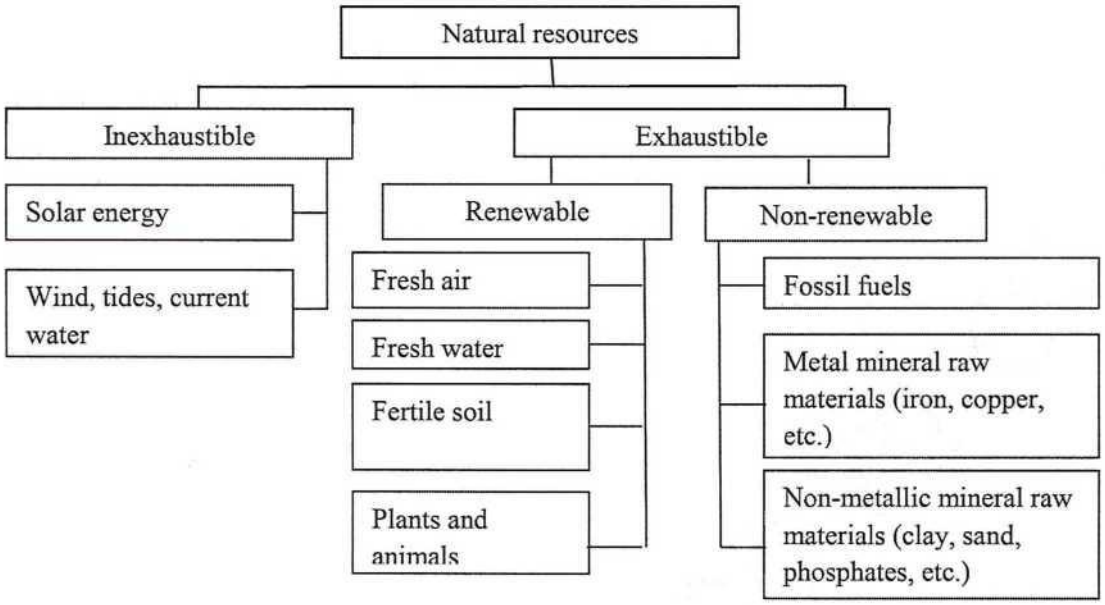

Figure 1-Classification of natural resources on the basis of finite

I. Exhaustible resources are formed in the Earth's crust or landscape area, but the volumes and speed of their formation are very slow. At the same time, the need for such resources is much higher than the volume and speed of natural replenishment. As a result, the depletion of their stockpiles inevitably occurs. Based on the intensity and speed of natural education, these resources are divided into subgroups:

1). Non-renewable resources, which include all types of mineral resources or minerals. They are known to be constantly formed in the bowels of the Earth's crust as a result of the continuously flowing process of ore, but the scale of their accumulation is so small, and the rate of education is measured by many tens and hundreds of millions of years (for example, the age of stone coals totals more than 350 mln. years) that it is impossible to take them into account in economic calculations. In this regard, all mineral resources are considered not only finite, but also non-renewable [2].

Non-renewable resources are of high public importance and value, and their owners, by regulating the intensity of the flow of resources to the market, are therefore able to have a serious impact on the process of economic development. The specific nature of this kind of natural resources is that, unlike almost all other resources for their owner, the use and non-use of these resources for a certain period of time can be equally effective.

Non-renewable resources include various metal ores, oil, natural gas, combustible slates, peat, limestone, etc. All of these are the predecessors of building materials, fuel, without which a modern civilized person can not go. Their reproduction is connected with exploration of new deposits and their preparation for exploitation. The possibility of not detecting new deposits of minerals caused the division of this kind of natural resources on finite and inexhaustible [3].

The market of non-renewable resources, as a rule, is under the control of the state, as the

mining industry occupies a monopoly position in the market.

2). Renewable resources. This group includes plants and animals, forest massifs, some minerals. The peculiarity of such resources is the ability to self-renew, which can last a different period of time. However, if the intensity of their use exceeds the natural rate of growth, these resources become non-renewable and depleted.

For example, animals and plants restore their population in a few years, forests will take several hundred years. Although these sources of raw materials can recover, sometimes they feel a serious need, and after it and lack. For example, if you cut the forest for a period that is less than the time of recovery, arrays will gradually fade away.

However, in the organization of the economic use of the accumulated reserves of wood in the forests, grass on meadows or pastures, wild animals ' fishing within the limits of the annual renewal, it is possible to avoid depletion of these resources completely .

II. Inexhaustible resources. Among bodies and phenomena of nature of resource value there are also such, which are practically inexhaustible. The group of inexhaustible resources consists of climatic resources, resources of solar energy, wind, sea tides, energy of the Earth's subsoil and current water. However, many so-called inexhaustible resources are eventually ultimately due to the fact that their environment is often unsuitable for the existing economy and human life (pollution, direct poisoning, for example, atmosphere, hydrosphere) [4].

We can consider almost inexhaustible water resources on a planetary scale. However, fresh water is unevenly concentrated on the surface of the land, and there is a shortage of water in the vast territories that can be consumed in the waters.

Economic basis of payments for natural resources

The essential point to be taken into account in the taxation of natural resources is the natural separation of all natural resources into renewable and nonrenewable. Taxation of renewable natural resources should be directed first of all to ensure the conditions of their reproduction and non-renewables to compensate for their depletion [5].

To determine the amount of fees for the use of natural resources developed standards with the calculation of the assessment of benefits and harm caused in the areas of land use, subsoil, air and water environments.

The methods of natural resources assessment are presented in Figure 2.

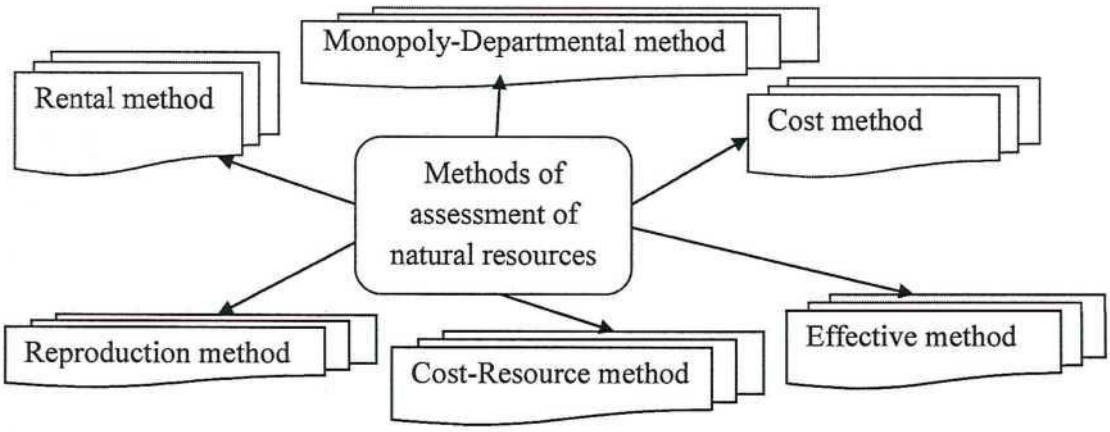

Figure 2 - Methods of assessment of natural resources.

1. Cost method. The assessment of natural resources is determined by the cost of their extraction, development or use.

2. Effective method. The economic valuation (cost) has only those natural resources that generate income. The cost of the resource is determined by the monetary expression of the primary products derived from the exploitation of the natural resource, or the difference between the income received and the current costs.

3. Cost-resource method. When determining the cost of a natural resource, the costs of its development and income from its use are connected.

4. Rental method. The best resource (the use of which gives a relatively high income at the same cost) gets a higher cost; the cost of mastering the resource is focused on a certain average level; the fact of limited natural resource is taken into account. The rent approach justifies the need to separate the owner of the resource and its user for the emergence of the category of rent payments.

5. Reproduction method. The use of a natural resource implies its restoration. The cost of a natural resource is defined as the sum of expenses necessary for reproduction (or compensation of losses) of a resource for a certain period.

6. Monopoly-Departmental method. The amount of payments for the use of natural resources must meet the requirements of financial support for the activities of specialized federal services (ministries and departments), which are currently exercising a monopoly order management of natural resources.

Depending on the methods of economic assessment of natural resources, the system of their taxation methodologically should include three different types of tax payments for their use.

The first type is payments for the right to use natural resources, in which the right of the state as the owner of resources to receive a part of the proceeds of exploitation of each of them is economically realized. In this type of tax payments the absolute rent is realized. Payments of this type shall be formed on the basis of the valuation of the natural resource as an object of economic and other use or costs of compensation for losses caused by the exploitation of the natural resource, taking into account its quality, location and resources to build infrastructure when using it.

The second type of tax payments is payments for reproduction and protection of natural resources, which are paid managements expenses of the State, including specialized organizations, for study, assessment, accounting, protection and restoration of natural resources involved in economic activity. This form of payment for natural resources should also be based on the economic estimates of these resources, which are cost-oriented to implement activities and programmes for the protection and restoration of natural resources (facilities).

The third type is the penalty payments for exceeding the minimum use of natural resources.

The system of tax payments for natural resources, on the one hand, is part of the overall tax system and has the same functional purpose, and on the other hand it is designed to carry out its special functions, in which concretised general Tax functions and the narrow specialization of this type of taxation is realized.

In view of the foregoing, the system of tax payments for natural resources performs the following three special functions simultaneously (Figure 3).

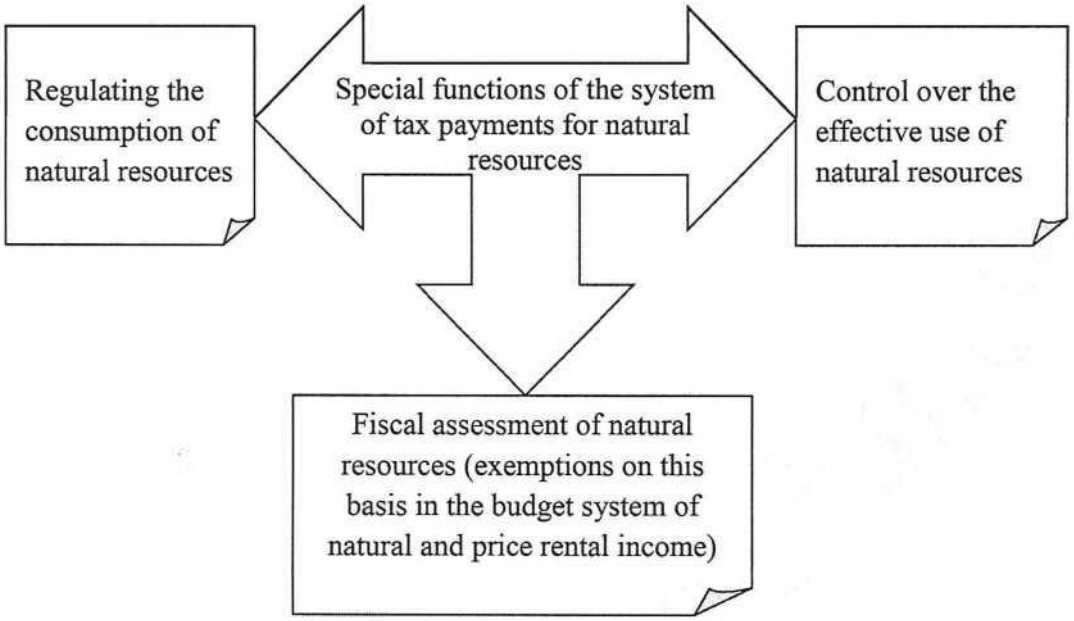

Figure 3 - Special functions of the system of tax payments for natural resources.

The state, through the system of taxes for natural resources, realizes its right of the owner of the natural factor to assign a part of national income in the form of special tax payments by presenting certain requirements for efficiency use of natural resources by economic entities on the basis of their fiscal assessment.

Consequently, the system of tax payments for natural resources, on the one hand, is an important source of the formation of a profitable budget base and ensuring economic security of the country, on the other, is a financial instrument of the State environmental management. Stimulating opportunities of this type of taxes should be laid in the order of their accrual on a unit or a mass of applied in production of natural resources according to the established norm of efficiency of their use.

Thus, when considering the economic content of the system of tax payments for natural resources, it is possible to distinguish two main distinctive characteristics of it that allow to allocate it in a special group of tax relations:

• tax payments for natural resources make up a centralized part of the company's net product, which comes to the budget in the order of their accrual to the volume of resources applied by the economic entity (in value or natural assessment) by advance the established norm, expressing the minimum level of efficiency of the natural factor of production;

• the bulk of tax payments for natural resources are annuity and is a form of fiscal annuity assessment by the state of the share of its participation in the created rent income.

In the taxation of natural resources there is such a peculiarity as the exhaustion of natural resources, so in the process of taxation this source, as well as the object of

taxation, disappears over time. Therefore, the object of taxation-mined mineral (oil and gas) and the object of taxation on additional income-additional income from hydrocarbon production is also exhaustible. In addition, the additional income of a particular deposit is temporary, due to the essential characteristics of the oil rent, such as: 1) education cycle - i.e. the total amount of the mountain rent is formed during the long-term (up to 50-100 years) technologically rational life cycle of the whole deposit; 2) establishment of annual oil production (extraction in the first 7-10 years grows as the sequential input of operational wells, then 5-10 years is kept on the reached maximum annual level and then starts to decrease sharply (up to 10-15 years), and then slowly fade to completion of the deposit); 3) susceptibility to constant fluctuations depending on the world price situation. These factors will influence the dynamics of income tax on additional income.

World experience shows that there is no ideal tax model for the mineral and raw materials sector, which would be applicable in all countries and in all circumstances and would be able to take into account the real level of rental income. There are three main types of taxation system for using subsoil:

- property (owner) tax, usually represented as a mineral deposit, and mining property in value terms, determined in the prices established in accordance with the legislation or market prices;

- tax on the unit of extracted mineral;

- income tax, paid in cases when user gains profit and influences the value of mined mineral.

In the world practice various tax mechanisms of seizure of the oil rent are applied:

- by establishing special taxes on oil production with the tax rate, which varies within the specified limits-minimum and maximum depending on the current profitability of the development of the deposit;

- by establishing an additional or increased tax rate on income (profit) of the enterprise;

- a special tax regime for the division of products in which the State receives the share of products in the form of commercial oil or its value expressed in the agreement.

Tax methods for the seizure of natural annuities are mainly characteristic of economically developed countries. Tax methods are dominated by taxes aimed at withdrawing rent directly from users of natural resources. In addition, consumers of natural raw materials are subject to indirect taxes.

Non-tax methods (through a production sharing agreement) are also used in emerging economies. Countries such as China, Nigeria, Yemen, Peru, the Philippines, Egypt, Viet Nam, Côte d'ivoire, Ghana, Tanzania, by opening access to their territory to foreign oil companies for prospecting and exploration, apply a production sharing agreement [6].

It is noteworthy that in many countries, in addition to the general tax mechanisms, special tax mechanisms are applied. For example, in countries such as Norway, the United Kingdom, laws on oil taxation have been adopted. The Oil Taxation Act has been in force in the UK since 1975, in which the deposit is the subject of taxation.

For all oil-producing states there is a special sectoral tax regime, which in addition to the production sharing agreement includes special taxes on income from the activities of

oil companies. By means of these fiscal measures the State not only provides budget revenues, but also regulates the level of profitability in the industry.

State regulation, carried out through the formation and improvement of the legislative system, should ensure in the considered area the adoption of preventive measures to ensure profitability and balanced reproduction renewable resources. The realization of these objectives requires the construction of an adequate system of payments for the use of renewable resources.

In the case of renewable natural resources (land, forest or water) owned and leased by the state, rent payments in the form of rent and income taxation are generally used nature with the obligatory observance of conditions of reproduction. The main task is not so much to ensure the revenues of the state, but rather to create incentives for active operational activities and to prevent speculative and irrational use.

In relation to non-renewable natural resources, for example, extraction of mineral raw materials, it is possible to use a relatively small bonus to cut off insolvent investors at the stage of competition for the right to use natural object; royalties for the removal of the main part of the rent income, excise duties to limit the consumption of this natural resource and stimulate the development of resource-saving technologies, as well as export customs duties to maintain the stability of the domestic market.

The management of non-renewable natural resources is aimed at solving two main tasks:

• rational consumption and use of long-term planning;

• search for alternative types of resources of artificial origin, as these resources exhausted.

Note that the term "payments for natural resources" does not exactly reflect the economic content of these payments, as in accordance with the current legislation it is a more general concept, including both tax payments and fees, and non-tax Budget revenues. Both tax and non-tax payments, in the end, pursue similar objectives – to stimulate the most harmless environmental management by means of economic pressure or the promotion of efficient methods of managing.

CONCLUSION

In modern conditions development and effective use of natural-raw material base of the country becomes the main factor of growth of its economy. Therefore, payments for the use of natural resources in the system of factors of implementation of natural resource policy of the state are particularly significant. Payments for natural resources are established for the purpose of economic regulation of nature management, stimulation of rational and complex use of different kinds of natural resources and protection of environment, formation of money resources for Protection and reproduction of natural resources in the conditions of market economy. They are intended to have a stimulating effect on increasing the efficiency of the use and protection of lands, forests, water bodies and subsoil, extraction and rational use of mineral resources and products of their processing.

The need to improve financial relations in the field of environmental management has

recently become particularly relevant. And this is connected not only with a clearer understanding of the limited (non-renewable) nature of many natural resources, but also with an increase in their economic value, expressed in the possibility of obtaining additional income during their operation, i.e. rent Income, which is not directly related to business activity, but is caused by natural properties of resources.

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