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Windfall Profits of Russian Companies: Taxation vs Voluntary Contribution to the Budget

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Abstract. The subject is the economic relations that arise between the state and mining companies regarding the redistribution of excess (windfall) profits – the financial result obtained as a result of changes in quotations in the commodity markets and differs from the average in recent years. The goal is to identify and qualitatively characterize the risks of using chaotic non-tax measures to withdraw excess profits from mining companies and substantiate approaches to taxing such excess profits aimed at stimulating private investment and innovation. Theoretical base – the works of domestic and foreign scientists. Empirical – statistical data, national and foreign legal documents regulating the practice of redistributing the excess profits of companies. The article analyzes scientific approaches to the problem of windfall profits taxes. The analysis of practical measures used once in Russia and abroad for the withdrawal of excess profits of companies is carried out. The diagnostics and qualitative characteristics of the tax and investment risks of the state and mining companies as a result of such measures were carried out. The author's conceptual approach to the mobilization of excess profits with the help of a tax mechanism that operates on an ongoing basis and a stable legislative framework is theoretically substantiated. It also substantiates the need for a set of tax incentives to provide incentives for mining companies to invest excess profits in the creation of innovations, technologies, maintaining the added value of extracted raw materials within the country, social and infrastructure projects, which will serve long-term sustainable growth and development of the national economy. Methods of synthesis, complex and functional analysis, economic-mathematical, statistical, financial modeling methods are used.

Keywords: tax policy, windfall profit taxes, mining companies, additional income tax (AIT), voluntary contribution to the budget.

Research area: social structure, social institutions and processes (socio-logical sciences); regional and sectoral economy.

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Сверхприбыль российских компаний: налогообложение vs добровольный взнос в бюджет

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Аннотация. *Предмет* – экономические отношения, возникающие между государством и добывающими компаниями по поводу перераспределения сверхприбыли – финансового результата, полученного при изменении котировок на сырьевых рынках и отличающегося от среднего показателя за последние годы. *Цель* – выделение и качественная характеристика рисков применения хаотичных неналоговых мер по изъятию сверхприбыли добывающих компаний и обоснование подходов к налогообложению такой сверхприбыли, нацеленных на стимулирование частных инвестиций и инноваций. Теоретическая база – труды отечественных и зарубежных ученых. Эмпирическая – статистические данные, национальные и зарубежные правовые документы, регламентирующие практику перераспределения сверхприбыли компаний. В статье проведен анализ научных подходов к проблеме налогообложения сверхприбыли. Выполнен анализ практических мер, применяемых односторонне в России и за рубежом для изъятия сверхприбыли компаний. Проведена диагностика и качественная характеристика налоговых и инвестиционных рисков государства и добывающих компаний вследствие подобных мер. Теоретически обоснован авторский концептуальный подход к мобилизации сверхприбыли с помощью налогового механизма, действующего на постоянной основе и стабильной законодательной базе. Обоснована также необходимость инструментария налоговых льгот для обеспечения стимулов добывающих компаний к инвестированию сверхприбыли в создание инноваций, технологий, сохранение добавленной стоимости добываемого сырья внутри страны, социально-инфраструктурные проекты, что послужит долгосрочному устойчивому росту и развитию национальной экономики. Используются методы синтеза, комплексного и функционального анализа, экономико-математические, статистические методы финансового моделирования.

Ключевые слова: налоговая политика, налог на сверхприбыль, добывающие компании, налог на добавленный доход (НДД), добровольный взнос в бюджет.

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Introduction

According to the results of 2021, when the exchange quotations of the main commodities reached their maximum values, Russian mining and energy companies received a financial result that is several times different from the average for the last 4 years – excess profit¹.

The redistribution of excess profits received by mining companies as a result of changes in quotations on the commodity markets can become one of the possible instruments for financing the accelerated technological development of the national economy, which can be carried out with the help of additional taxation of excess profits. In the meantime, commodity companies, having earned on the market situation, are ready to pay dividends several times higher than the average values over the past 5 years, or, against the backdrop of the geopolitical situation, completely abandon the distribution of profits.

In Russia, there is no unified practical approach to taxing the excess profits of mining companies. Over the past 5 years, there have been more and more attempts to introduce mechanisms for mobilizing excess profits of companies in the interests of the state, which are more like a withdrawal, rather than taxation of financial results, are targeted and temporary, and do not contribute to stabilizing the tax and investment climate in the country.

The purpose of the article is to identify and qualitatively characterize the risks of using chaotic measures to withdraw excess profits from mining companies and to substantiate approaches to taxing such excess profits, aimed at stimulating private investment and innovation.

The theoretical basis is the works of domestic and foreign scientists. Empirical – statistical data, national and foreign legal documents that regulate the practice of redistributing the excess profits of companies.

The article carried out diagnostics and qualitative characteristics of the risks of the state and mining companies due to one-time non-tax measures to mobilize excess profits of companies to the state. The author's conceptual approach to the formation of a tax mechanism

for the redistribution of superprofits on an ongoing basis and a stable legislative framework, which levels tax risks and provides incentives for private investment activity, is theoretically substantiated.

Methods of synthesis, complex and functional analysis, economic-mathematical, statistical, financial modeling methods and others were used.

1. Background

The highlighted problem of additional taxation of excess profits of mining companies is not new in domestic and foreign scientific literature. Many studies have been carried out, various opinions have been expressed by such domestic scientists as S. Yu. Glaziev, D.S. Lvov, V.G. Panskov. Taxation of any industry is an instrument of financial regulation of financial and economic relations by the state (Panskov, 2019). Supporters of different views on the problem of tax regulation of the economy agree that fiscal policy should be focused on the development of all types of high-tech and innovative activities (Glaziev, 2022). As part of the topic of creating an instrument for taxing the excess profits of mining companies, one cannot but recall the words of the outstanding economist, academician, D.S. Lvov on the leading role of the state in regulating the economy (Lvov, 2004).

V.G. Panskov writes that one of the problems of the Russian tax system is the lack of a unified approach in the country to building a unified universal taxation system for the use and sale of natural resources, which could ensure the efficient and fair distribution of rental income in the form of a tax (Panskov, 2018).

One of the tools of such a system V.G. Panskov sees a single tax on added income (UTD) for mining companies, replacing the excise tax and the MET. The tax base for AIT will be the financial result of the extraction of natural raw materials (Panskov, 2018).

In the article by O.V. Pavlinova (Pavlinova, 2014) states that the most advanced methods of withdrawing income and excess profits are the creation of a flexible and adaptive taxation system, the transition from an excise

¹ In the article, the concepts of «windfall profit», «excess profit» and «superprofit» are used as equivalent

taxation system for oil and gas revenues to a taxation system for financial results.

E.I. Belyakova, A.K. Modenov (Belyakova, Modenov, 2019) consider tax methods to stimulate investment and innovation as the most effective methods.

V.B. Dubkova (2014) proposes to impose a special tax on only that part of the profit that exceeds the limits of the average rate of return. The scientist notes the need to separate the excess profits received as a result of increasing labor productivity.

A study of the problem of temporary measures to tax the excess profits of companies, undertaken at the RSPP, led experts to the conclusion that “the trend towards a chaotic and “creeping” increase in the fiscal burden must be stopped”².

Many foreign politicians and economists who criticize the problems of income inequality in society advocate the introduction of an excess profit tax or progressive taxation as a way to reduce the difference in wealth. The supporters of free enterprise and laissez-faire

in the economy taxes on excess profits are not popular. They believe that such taxes reduce labor productivity and the desire of businesses to make a profit³.

Thus, the scientific community supports the idea of a unified approach to the taxation of excess profits, both in general and for individual mining companies. Experts note that tax rules should be stable in the long term and be clear to all market participants. They substantiate the need to separate the excess profits received as a result of macroeconomic fluctuations and the excess profits received as a result of production growth.

2. Methodology

2.1. A study of the Russian practice of mobilizing the excess profits of mining companies to the budget

At the end of 2021, exchange quotations of major commodities such as oil, gas, copper, steel, aluminum, and nickel reached their maximum values (Fig. 1).

² Experts called the risks for the budget due to the increased burden on the business. RBC. 10.26.2022. URL: <https://www.rbc.ru/economics/26/10/2022/6357cc4a9a7947c03cfaaa97> (accessed on 26.10.2022)

³ Excess Profits Tax. Investopedia. URL: <https://www.investopedia.com/terms/e/excess-profits-tax.asp#citation-1> (accessed on 12.03.2023)

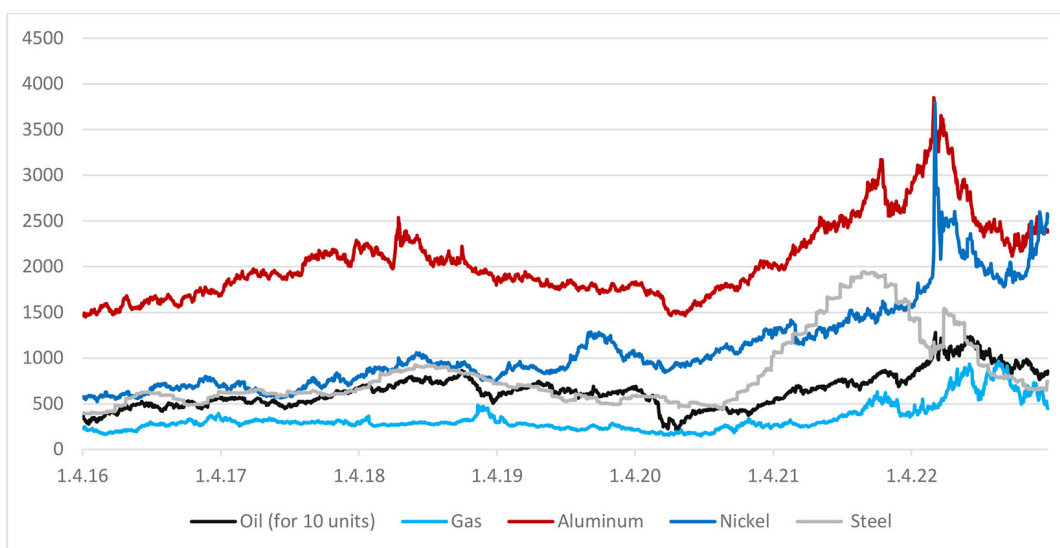


Fig. 1. Change in price quotations for oil, aluminum, steel, nickel, gas in 2016–2022

Source: authors on*

* Database of the brokerage and information agency Investing. URL: <https://ru.investing.com> (accessed on 15.04.2023)

The prerequisite for this was the recovery of the global economy from the consequences of COVID 19, as well as the instability of world quotations for commodities due to sanctions pressure on Russia from unfriendly countries (Bogachov, 2022). As a result, Russian mining and energy companies have received a financial result that is many times different from the average for the last 4 years – excess profit (Table 1).

The problem of finding mechanisms to redistribute the excess profits of mining companies has been particularly acute in the last 2–3 years. In mid-2021, the Government of the Russian Federation was forced to urgently discuss with metallurgical companies tools for possible replenishment of the budget by withdrawing the excess profits they received, which, according to experts, as a result of the then situation, hundreds of billions of rubles were underpaid to the state budget⁴.

One of the problems of mining companies was the distribution of such excess profits in the absence of a legislatively established mechanism for its taxation. Thus, based on the results of 2021, the Board of Directors of Gaz-

prom recommended dividends in the amount of 52.53 rubles for payment per share, which is more than 4 times the average amount in recent years. The Ministry of Finance of Russia promptly developed amendments to the Tax Code of the Russian Federation in response, as a result of which Gazprom paid about 460 billion rubles to the budget in August 2022 as conditional mineral extraction tax (MET)⁵.

Today, against the backdrop of high volatility in energy prices, the Government of the country is once again discussing the issue of withdrawing and redistributing excess profits from extractive energy companies (Bogachov, 2022). So, in the draft budget for 2023–2025 it is planned to withdraw part of the windfall profits from the commodity business through an increase in the fiscal burden. According to the developed amendments to the Tax Code of the Russian Federation, the income tax rate for producers of liquefied natural gas (LNG) in 2023–2025 will grow from the current 20 % to 34 %, of which 17 % will go to the federal budget and another 17 % to the regional budget. The measure will apply to companies that have exported at least one batch of LNG by

⁴ Belousov said that metallurgists should return 100 billion rubles to the budget. TASS. 31.05.2021. URL: <https://tass.ru/ekonomika/11513979> (accessed on 31.05.2021)

⁵ Gazprom to pay record dividends and start paying mineral extraction tax. Interfax. 24.10.2022. URL: <https://www.interfax.ru/business/869161> (accessed on 24.10.2022)

Table 1. Profit of mining companies in 2018–2021

Company	Industry	Currency and frequency of reporting	2021	2020	2019	2018
Severstal	Metallurgy	US\$ million	4 074	1 016	1 766	2 051
		y/y	301 %	-42 %	-14 %	-
NLMC	Metallurgy	US\$ million	5 036	1 236	1 339	2 238
		y/y	307 %	-8 %	-40 %	-
MMC	Metallurgy	US\$ million	3 118	603	850	1 315
		y/y	417 %	-29 %	-35 %	-
Rosneft	Oil and gas	US\$ million	883 000	132 000	708 000	549 000
		y/y	569 %	-81 %	29 %	-
Gazprom	Oil and gas	US\$ million	2 093 071	135 341	1 202 887	1 456 270
		y/y	1447 %	-89 %	-17 %	-
Polyus Zoloto	Gold mining	US\$ million	166 867	119 175	124 182	28 222
		y/y	40 %	-4 %	340 %	-

Source: authors on*

* Database of the brokerage and information agency Investing. URL: <https://ru.investing.com> (accessed on 15.04.2023)

December 31, 2022, i.e. it will not affect new projects. It is expected that such a measure will bring to the budget up to 300 billion rubles additionally⁶.

According to the amendments to the Tax Code of the Russian Federation, from January 1, 2023, additional deductions for the mineral extraction tax on gas for Gazprom were also introduced, which will amount to 50 billion rubles a month. As a result, the budget will receive 600 billion rubles each per year from 2023 to 2025. Since mid-2022, Gazprom has been making additional payments to the budget for the MET on gas, which are estimated at 1.25 trillion rubles in the period from September 1 to November 30, 2022.

Changing the MET rates as the main mechanism for the withdrawal and redistribution of excess profits of companies carries a number of risks for both taxpaying companies and the state, while the rejection of the MET in the current conditions is impossible, but in principle does not contradict the possible introduction of a tax on excess profits. A clear advantage of the current MET system is that this type of taxation, in fact, sets the lower bar for budget revenues per unit of minerals sold by companies. At the same time, the withdrawal of excess profits through this tax is delayed and requires a high level of flexibility from the government and tax authorities.

In 2023, the initiative of a one-time voluntary contribution to the budget, which companies are required to make to fill the budget deficit and achieve the short-term goals of the government, moved into the final discussion phase. Its payers are companies whose profits exceeded 1 billion rubles at the end of 2022. Mining companies were excluded from the list of payers, since they have other methods for withdrawing excess profits for the period. A contribution no later than January 28, 2024 will be paid by companies in the industrial sector (excluding agriculture) in the amount of 10 % of the excess profit for 2021–2022 over the same indicator for 2018–2019. Or in the amount

⁶ The State Duma adopted a law on tax increases in 2023–2025 for the oil and gas sector. *Vedomosti*. 10.11.2022. URL: <https://www.vedomosti.ru/business/articles/2022/11/10/949769-zakon-roste-naloga> (accessed on 10.11.2022)

of 5 % if the security deposit is transferred before November 30, 2023⁷.

It is important to note the fact that these contributions do not fall under the definition of a tax, and the fundamental elements of a tax are absent. The issues of legal and economic substantiation of such one-time measures, which are more typical for a command economy than a market economy, also deserve a separate critical assessment.

At the same time, in Russia, since 2019, a stable system of taxation of excess profits of oil producing companies has been applied to a limited extent, but successfully – a tax regime in which tax is levied on the financial result of hydrocarbon production – additional income tax (AIT)⁸. Its goal is to encourage companies to extract from depleted fields and invest in the development of new wells. Unfortunately, we are not talking about a comprehensive system of incentives aimed at investing in creating the added value of extracted raw materials.

Thus, the measures currently used in Russia to withdraw excess profits from extractive companies in certain industries are mostly non-tax, unsystematic, and sometimes even non-market. Or they are withdrawn through the MET mechanism. The experience of AIT, aimed at taxing the financial result of the extraction of fossil raw materials, requires improvement and wider application in industries.

3.2. Foreign experience of windfall profits tax

In foreign practice, the idea of applying a tax on excess profits of companies is also relevant. At various periods of history, the excess profit tax was introduced in the USA, Germany, Great Britain, Scandinavian countries. Historically, such a tax was considered solely as a means of additional financing of the budget during wars and economic crises. Thus, the US Congress introduced the first tax on ex-

⁷ The government supported the bill on excess profits tax. RBC. 13.06.2023. URL: <https://finance.mail.ru/2023-06-13/pravitelstvo-podderzhalo-zakonoproekt-o-naloge-na-sverhpribyl-56609965/> (accessed on 13.06.2023)

⁸ Tax Code of the Russian Federation. Chapter 25.4. Tax on additional income from hydrocarbon production. URL: <http://nalog.garant.ru/fns/nk/6e2c2681ff66580b40b7bd563a517453/> (accessed on 19.04.2023)

cess profits at the end of the First World War in 1917 with rates of 20–60 % for all enterprises. (Hodge, 2022); (Otto, 2018); (Baker, 2018).

During the COVID-19 epidemic in 2020–2021. Economists Gabriel Zucman and Emmanuel Saez (Hodge, 2022) have proposed an excess profits tax on companies that benefited from the effects of the outbreak and government-imposed restrictions on public health.

In 2022, rising energy prices forced the governments of a number of EU countries and the UK to take urgent measures to mitigate the consequences of increased energy costs. There have been discussions in a number of European countries about capturing excess profits from energy companies through additional taxation (Celani, 2022); (Baunsgaard, 2022); (Muresia-

nu, 2022). The measures were also mostly temporary, but the legislation of European countries generally provides for the introduction of increased taxes and a system of benefits, which indicates attempts to systematize this type of taxation (Baunsgaard, 2022). Table 2 provides a brief overview of the main measures to take energy companies' windfall profits in 2022 in developed countries.

At the same time, in many EU countries, progressive rates of income tax and personal income tax are on a permanent basis, regardless of their type of activity. The temporary and flexible nature of the taxation of profits of oil and gas companies operates in the UK – at different times in this country up to 90 % of their profits are withdrawn. Kazakhstan has an additional flexible tax rate on excess profits on a

Table 2. Windfall profits tax of mining companies in developed countries

State	Measures taken	Result
Spain	1) Electricity suppliers return to the Spanish power supply system an amount proportional to the increase in income received by these suppliers as a result of the inclusion of the price of natural gas in electricity prices. Applies to all companies in Spain. 2) Temporary tax of 1.2 % for major companies in the gas, oil and electricity sectors	Failed to achieve the goal of reducing the rate of growth in energy prices
Italy	The increased tax applies to the difference between the value added for the period from October 1, 2021 to April 30, 2022 and the value added for the period from October 1, 2020 to April 30, 2021 and is charged at a rate of 25 %. The tax is non-deductible for income tax purposes and represents a real cost to eligible taxpayers. Applies to companies in the Italian energy sector	Tax revenues are lower than expected. Despite a number of measures, energy consumers were the final payer. Tax measures challenged in court
Great Britain	The increased tax levies an additional 25 % on profits (on top of the permanent taxes imposed in the UK on oil and gas companies), bringing the total effective tax rate on such profits to 65 %. The legislation provides for an increased benefit for the reinvestment of profits	The tax is aimed at reducing prices for end consumers and financing budget expenditures to compensate for high energy prices
USA	The introduction of an additional 21 % tax on excess profits of oil and gas companies with an annual income of more than \$ 1 billion is being discussed. The excess profit will be calculated by subtracting the normal profit (10 % return on expenses) from the current profit	The discussion of the bill caused considerable controversy
Norway	Special industry tax for companies producing oil and gas – 50 % of net profit. Only profits from paid off deposits are taxed. Income from such a tax is directed to the reserve and pension funds of the country.	The tax is permanent, the country's pension and reserve fund is the largest in the world

Source: authors on* and on (Celani, 2022); (Baunsgaard, 2022); (Muresianu, 2022)

* Windfall profit taxes – do they work? Freshfields Bruckhaus Deringer. URL: <https://www.freshfields.com/en-gb/our-thinking/knowledge/briefing/2022/06/windfall-profit-taxes-do-they-work/> (accessed on 22.04.2023)

permanent basis, withholding up to 60 % of the profits of oil and gas companies (Celani, 2022).

After analyzing the world practice, we come to the conclusion that the excess profit tax is mainly a temporary measure by which governments solve the problems of covering the budget deficit, compensating the population's expenses due to jumps in the commodity (energy) markets. In some countries specializing in the extraction of minerals, there are special tax conditions for mining companies on an ongoing basis. A solid legislative framework has been created here for the withdrawal of windfall profits from companies that have received additional benefits as a result of changing market conditions.

3. Results

3.1. Economic risks of non-tax methods of withdrawing excess profits

State measures to withdraw excess profits from mining companies, which are of a non-tax, emergency and temporary nature, carry risks both for the state and for businesses in

the primary industries, the main of which are shown in Fig. 2.

For the state, these measures are aimed at solving the problem of replenishing shortfalls in budget revenues and do not solve the problem of effectively redistributing the excess profits of mining companies in the interests of the long-term development of the national economy (Eskindarov, 2022). The focus of the measures taken on financing the current budget expenditures in the event that oil and gas companies do not receive the planned profit volumes creates an additional risk for the state associated with an increase in the current budget deficit. This policy is contrary to the idea of withdrawing the excess profits of mining companies in the interests of accelerating the development of the economy, since budget revenues from the introduction of temporary measures are not currently used to finance economic growth.

The government once again “plants” the budget for single injections from mining companies. A possible consequence is an increase in the risk of growth in the budget deficit in

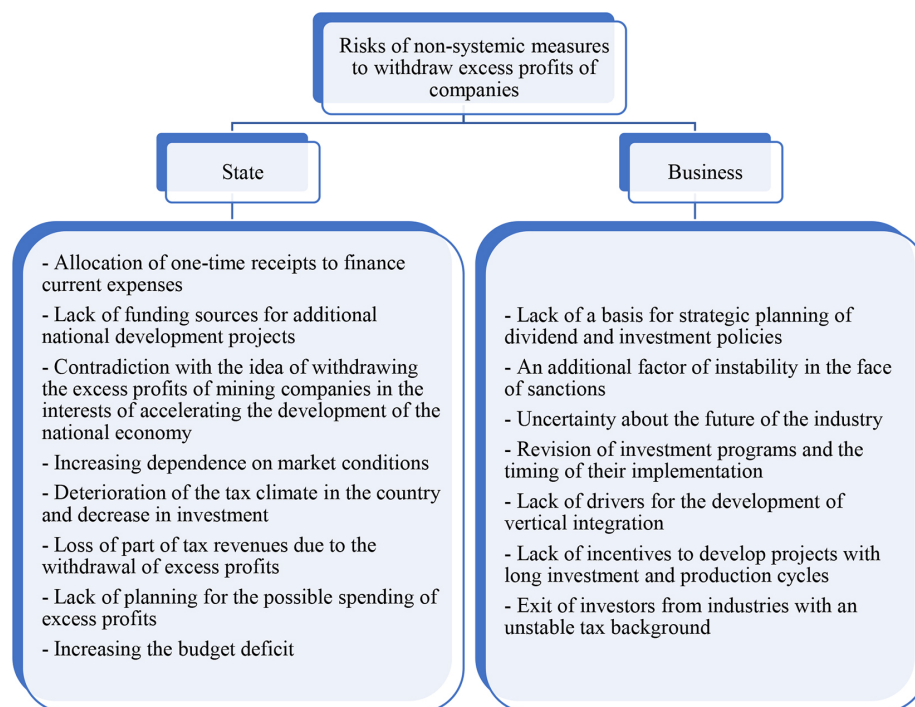


Fig. 2. Risks of non-systemic measures to withdraw excess profits from companies

Source: authors

Table 3. Results of correlation analysis of market quotes for 2016–2022 for some commodities

Product	Steel	Aluminum	Nickel	Gas	Oil
Steel	1	-	-	-	-
Aluminum	0,80	1	-	-	-
Nickel	0,62	0,79	1	-	-
Gas	0,49	0,67	0,74	1	-
Oil	0,59	0,82	0,79	0,78	1

Source: authors

unfavorable market conditions. As a result of the correlation analysis of market quotations for 6 years from 2016 to 2022 (Table 3), for some commodities, it was revealed that quotations have a strong positive correlation. This suggests that the dependence of the budget on the market excess profits of mining and raw materials companies carries significant and interrelated market risks: quotations generally move in the same direction, and in the medium term, a fall in, for example, oil prices will be interconnected with a fall in prices for other minerals and commodities. Consequently, the Russian budget, tied to the super-income of these industries, *ceteris paribus*, will face a significant deficit.

The instability of the tax policy towards extractive companies creates risks for investors, which in the long term can lead to the problem of underinvestment in the extractive industries and cause shortages in the markets.

Chaotic measures of tax-free withdrawal of excess profits generally limit the planning horizon. They introduce additional risks and uncertainty for mining companies, which are already forced to adapt to anti-Russian sanctions and restrictions. Taxpayers face risks and challenges when trying to develop strategic scenarios for the development of the company for several years ahead. As a result of unsystematic government measures to withdraw excess profits, companies are once again forced to revise investment programs and the timing of their implementation, to withdraw their savings into more stable assets. As a result, the value of their shares in the financial market and the capitalization of the Russian financial market as a whole are decreasing.

In the issue of investing super profits, you can see that most companies are not focused on vertical growth and diversification of activities. They do not try to create added value of the extracted raw materials, but invest in horizontal growth, in the development and discovery of new deposits. They prefer short-term forms of distribution of excess profits between owners in the form of dividends. A significant part of the extracted minerals is exported abroad and then returned to the country in the form of high-tech products with high added value (Gudkova, 2020). One-time withdrawal of excess profits by the state without a system of tax benefits does not create incentives for the development of private investment initiative.

3.2. Development of an approach to the taxation of excess profits

The use of tax instruments by the state is part of the ongoing fiscal policy. In this regard, the problem of using taxation for economic growth remains relevant. Synthesizing the views of scientists of the Keynesian-neoclassical direction, one can get the following solution to the identified problem: “during a recession, the question of stimulating fiscal policy arises on the agenda”, which includes “an increase in government spending, tax cuts, or a combination of the above” (McConnell, 1992); (De Sismondi, 1897). According to the views of P. Samuelson (Samuelson, 1993), options for the fiscal policy of the state are developed in order to conduct a rational income policy, which is interconnected with the problem of stabilization and economic growth.

J. Y. Stiglitz (Stiglitz, 1987) points out “the need for timely action to change taxation” and

also notes that “the authorities implementing fiscal and monetary policy resist the “prevailing economic winds” and thereby help ensure favorable economic environment in which the dynamic forces of private initiative can have the widest scope for their actions.

Developing approaches to the taxation of excess profits of mining companies in Russia, the authors rely on the theoretical postulates of the Keynesian neoclassical school.

One of the most important tasks of the state tax policy in Russia is to ensure stable tax conditions for business entities (Gurnak, 2023). Both the state and taxpayers are interested in creating such a system of tax relations, in which the mechanism for the redistribution of excess profits will be stable, transparent and understandable. In this case, taxpayers will be able to focus on specific tax conditions and risks, and build their tax and investment policies on a long-term basis (Shumyatsky, 2018). It is necessary to create such a tax environment that will encourage mining companies to invest

excess profits in the national economy, develop innovations, creating conditions for long-term growth of the national economy. Including through the provision of tax incentives and incentives (UNCTAD, 2022). Additional tax revenues of the budget as a result of favorable market conditions should be used to finance projects for the accelerated technological development of the national economy.

Based on the conducted research, the author’s conceptual approach to the taxation of excess profits of mining companies is proposed, the main elements of which are presented in Fig. 3.

Achieving the goals of stimulating long-term innovative and sustainable growth of both the mining companies themselves and the Russian economy as a whole will be served by a universal and stable mechanism for taxing the excess profits of mining companies (Goncharenko, 2022). Such a mechanism is seen as two-vector, combining the actual tax withdrawal of excess profits, as well as

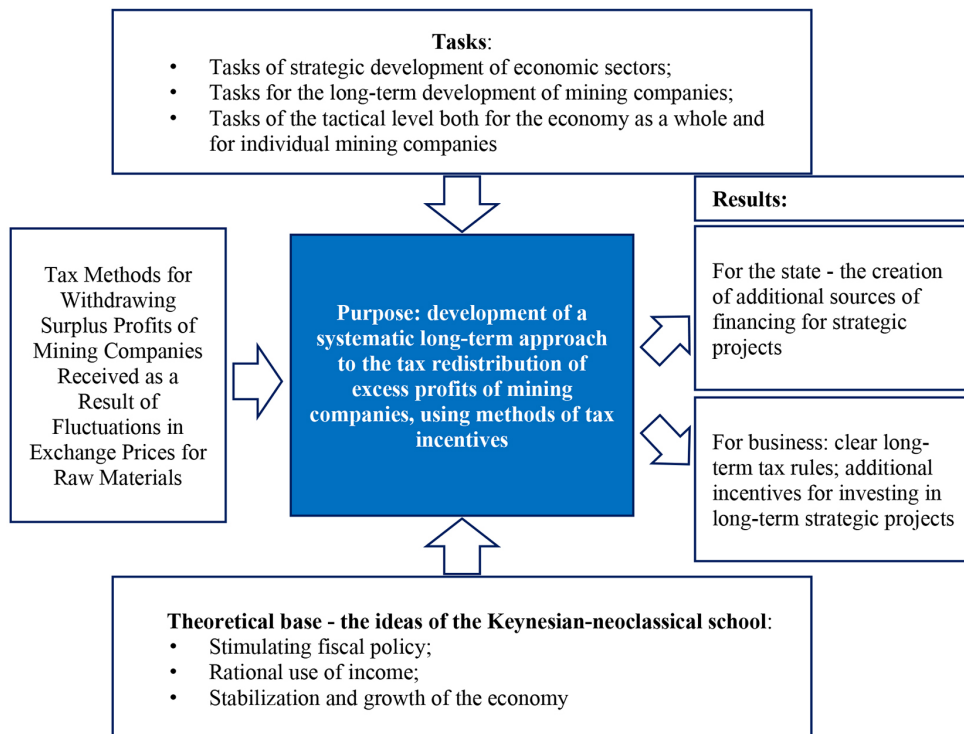


Fig. 3. The concept of taxation of excess profits of mining companies

Source: authors

stimulating the technological development of Russian companies through benefits. Such a mechanism will effectively redistribute the financial resources coming from the sale of commodities and simulate the investment initiative of private investors.

One of the main issues in the introduction of the tax mechanism for the withdrawal of excess profits of mining companies is the definition of the size and concept of excess profits. In the article by V. G. Panskov, additional income is the part of income that exceeds the proportional growth of investment (Panskov, 2018). In other sources, it is noted that excess profit is considered to be the excess of the growth rate of profit over the growth rate of cost.

It seems the most logical is the approach of the Russian financial and economic departments discussed above, which, under superprofits, refers to the profit received as a result of the deviation of prices on world exchanges from average indicators. This approach provides exemption from additional taxation of that part of the profit that is received, for example, from increasing labor productivity.

For further study of the problem, a number of questions remain open, among which are: the size of the tax rate, which is optimal and will ensure the operation of the planned tax mechanism; a set of tax benefits and control over their application; directions for spending additional budget revenues (creating special trust funds or directing income from such a tax to the NWF).

Conclusion

Summarizing the above, we note the need to introduce in Russia a mechanism for additional taxation of excess profits of mining companies, which was received as a result of the deviation of prices on world exchanges from the average due to changes in market conditions. Such a mechanism should include a

set of tax incentives to provide incentives for mining companies to invest their excess profits in the creation of innovations, technologies, maintaining the added value of extracted raw materials within the country, social and infrastructure projects, which will serve long-term sustainable growth and development of the national economy. The mechanism should operate on a permanent basis and a solid legislative base to level the tax and investment risks of business and the state. There is an opinion in the scientific community that tax rules should be stable in the long term and be understandable to all market participants.

Speaking about the advantages of the author's approach, we note. The author's concept of taxation of excess profits is an alternative to the progressive taxation of mining companies proposed in science and has the advantage of being able to share excess profits and profits from production growth and labor productivity for tax purposes. The disadvantage of the MET in comparison with the author's concept is that, despite the variety of approaches and types of applied tax rates, with the help of the MET, excess profits are not withdrawn by the state in full. The one-time withdrawal of excess profits of "past years" through "voluntary" contributions of business to the budget and is not at all a market instrument for mobilizing additional income in favor of the state, it does not have a toolkit for stimulating business investment activity.

The modern Russian economy needs tools to distribute the burden of costs for ensuring the economic and technological development of the country equally between the state and business in order to involve it in active participation in achieving the goals of sustainable development and growth of the national economy.

Author's suggestions can be used as a basis for further research.

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