Harmonization of the relations between the state and individuals in the context of taxation theory

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Abstract. The state policy, directed on provision of stable economic growth, increase of its quality, assumes search for and use of sources and instruments of intensification and diversification of economy. Budget fiscal policy relates to one of such instruments, which allow to provide for balance between justice of taxation and efficiency of economic development of the state. The problems of taxation and impact of taxes on the dynamics of social-economic development are among the most important in the market economy. The development of the fiscal system of a country causes constant contradictions between taxpayers and state authority in the issues of taxation. The article considers conceptual issues of searching for balance of interests of the state and individuals within the sphere of taxation. The theoretical basis of taxation of individuals in parallel with the stages of development of taxation theory and genesis of the interests of the state and individuals are reflected. Principles of taxation as fundamental rules of harmonization of relations of the state and taxpayers are systematized.

Keywords: taxation theories, fiscal relations, harmonization, state, individual, tax, principles of taxation

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1. Introduction

One of the manifestations of the highly-developed society is the optimized mechanism of collecting taxes and duties, which is capable of providing performance of the state and satisfaction of material and non-material interests of taxpayers. The taxation of personal income of citizens is in the centre of any fiscal system. And it is stipulated not only by the fact that the totality of public-legal relations is locked in human and by that the weight of individual tax burden mostly determines the level of economic development of the country. The extent of social stability within the society, rates of entrepreneurial and investing activity, and the living standard in the country as a whole depend on the efficiency of the organization of taxation of individuals.

While collecting taxes, the state has to simultaneously solve two seemingly opposite problems: on the one hand, to provide efficient level of budgetary incomes, necessary for executing important goals and functions, and on the other hand to organize a system of social economic support for their citizens. Disregarding the second goal can result in a threat of disrupting stimulus to economic activity, social political destabilization, and outflow of domestic capital from taxes to abroad. And weakening of the fiscal component would lead to decrease of budgetary provision of territories and, consequently, would disrupt financial stability of the state.
Nowadays, in Russia more and more urgent becomes the problem of social disparity and territorial differentiation of population income, which have hindering influence upon rates of economic growth of the country. Taxes have big potential in solving the mentioned problems, which confirms the urgency of the given problem from the position of search of balance between participants of fiscal relations.

The biggest contribution into the theoretical development of the issues of taxation of individuals was made by D. Carafa, J. Sismondi, P. Boisguilbert, W. Petty, A. Smith, D. Rikardo, J. Keynes, A. Laffer, A. Wagner, M. Friedman, N. Turgenev, I. Yanzhul, P. Mikeladze, I. Ozerov, A. Trivius, on whose works this research was based. Besides that, the articles used works of contemporary scientists, studying the problems of taxation.

2. Development of theories of taxation of individuals

In most of the countries of the world, taxation of individuals provides a significant share of tax receipts into budget. At that the volume of these receipts depends on objective economic conditions and goals of state policy. At the different stages of development, the state, manipulating with elements of income tax, can prefer either satisfaction of fiscal needs or maximal provision of the interests of population. Moreover, under the conditions of stability any state aims at achievement of state of balance: to collect efficient quantity of taxers for executing the main functions and not to restrain property opportunities and interest of citizens. Only at such an approach is it possible to count on the formation of an effective system of taxation of individuals.

In order to understand the structure and the logic of economic thinking, it is necessary to study the evolution of theories of taxation of individuals. This allows the main stages of development of ideas about the tax nature to be followed. Theories of taxation of individuals represent a totality of scientific knowledge about the essence of taxes, about the peculiarities of creating mechanisms of collecting them, and about their role and significance in the society life. Tax theories reflect a system approach to the issues, related to appearance, determination of methods of bite of taxes and assessment of influence of such bites on the rates and peculiarities of economic, socially political development of the state [1].

Individual income tax, nevertheless, as any other tax, is a ground for the state budget, and, consequently, a method of influence on economy through stimulating and reducing volumes of consumptions from the side of population. Significance of taxes for the state was repeatedly emphasized by K. Marx, who claimed that economically expressed existence of the state is embodied in taxes. At the same time, the Italian figure of the 15th century, D. Carafa, was sure that the main source of the revenues of the budget should be receipts from estate and capital, not taxes of population. An analogical point of view had Thomas Aquinas, who counted taxes to be the only form of looting people [2].

Consolidating the regularity and generality of taxes, the formation of authoritative distributive relations according to the collecting of taxes stipulated the appearance of theories of taxation. The development of the main tax theories as scientific conceptions occurs, beginning in the 17th century. Until then all ideas about taxes were occasional and non-systematic. In the opinion of Y. Sorokina, the source of the tax theory is the views of the English writer Davextend, grounded the necessity of granting protection and support for owners of land areas, due to the fact that the latter at that time were considered to be the only source of revenue [3].

Many researchers relate the appearance of theoretical bases of taxation to the moment of transition of taxes into the main source of revenues of the state and to understanding their objective nature. One of the first appeared the theory of exchange, the essence of which constituted in compensatory nature of taxation. This idea underlied numerous other theories, expressing the features of the relations between the state and
taxpayers in that historical period of time. In particular, the fundamental ideas of exchange theory were completely perceived by further studies within the framework of the theory of pleasures, formulated by J. Sismondi. The Swiss scientist uttered an idea that tax paying is performed for further getting pleasure, evoked from public order, justice, provision of person and property. Besides that his work ‘New beginning of political economy’ included an important idea about progressivity of income tax, which has not lost its urgency. He thought that the state services should be paid with taxes by those who use these services, which are wealthy, but poor.

The idea of refusing regressive scale of taxation in favour of progressive and proportional can be traced in the works of the father of classical political economy in France, P. Boisguilbert. He suggested that such a fiscal policy would be sensible and would provide a high level of consumption and demand within the country. At the same time, W. Petty, mentor of P. Boisguilbert, considered taxes from the point of view of the influence on wealth of the country, and, finally, came to a conclusion that taxes do not decrease and do not increase the wealth of the country. He claimed that if the taxes are spent on domestic goods, they do not harm the population as a whole, and just perform the reallocation of the wealth of the country. In his opinion, the population would not suffer from taxation just in a case of proportional taxation.

A significant push in promoting ideas about taxation of individuals was given by the works of representatives of the classical school – A. Smith and D. Ricardo. The first of them (A. Smith) considered taxes as a source of budget completion and as a just price for paying services of the state [4]. Priceless is the contribution of A. Smith in the development of the principles of taxation, which have not lost their urgency even nowadays, within the frameworks of income taxation. Taxes, as a source of evil, hindering from accumulation and formation of capital, was considered in his works by D. Ricardo, a follower and simultaneously an opponent of A. Smith, claiming that first of all luxury goods, but the articles of prime necessity, should be taxed, generated an idea of not taxable minimum in taxation of individuals.

The next stage was marked by the transformation of liberal theory into neoclassical, views of which followers reflect reasonable use of the system of taxation in economic processes. Keynes’ theory became a complete opposite to classicism, according to which savings, which are obstacles in economic growth due to not participating of these savings in manufacturing processes, are seized from citizens [5]. The founder of this theory, the English economist J. Keynes, thought that taxes have powerful influence on economic growth, increase of employment and stimulate population for consuming. In his studies the primary role belongs to progressivity of taxation and high tax rates, but at the same time, the importance of big amounts of tax benefits, stimulating the investing activity, is emphasized.

Keynes’ idea about high tax rates was criticized in the works of American economist A. Laffer, who assumed high level of taxation to negatively influence economic activity, to reduce total supply, to slow economic growth, and finally to lead to reduction of incomes to the state budget. Thereby, one should set such tax rates, at which interests of population would not be restrained, and the volumes of tax incomes would be maximal.

The problem of optimality and justice of taxation attracted attention of A. Wagner, M. Friedman, who concentrated on the development of economy through regulation of monetary circulation. Together with foreign scientists, Russian researches made a contribution into solving of the given problem, N. Turgenev, I. Janzhul, P. Mikeladze, I. Ozerov and others are among them.

N. Turgenev considered as a feature of awareness of people and education of state. He paid special attention to the fiscal policy, whose efficiency, in his mind, is determined by the extent of realization of personal freedom of citizens. Besides, he put a stress on even distribution of taxes and support of stable political state of the country: ‘… Those taxes, except folk wealth, are influenced by the way of ruling of the
state and folk spirit, and this influence is especially shown in willingness or readiness of the folk to pay taxes. This readiness is mostly seen in republics; disgust for taxes is in despotic states’ [6]. I. Janzhul gave the leading role to tax burden, underlining that fiscal interests of the state should be satisfied in regard of the opportunities of taxpayers, not decreasing their life standard and not narrowing the opportunities of expanded reproduction [7]. A similar opinion was held by P. Mikeladze, who gave the special role to judicial agreement and rational satisfaction of personal and collective needs.

I. Ozerov paid close attention to taxing income of population and advocated for moderate progressive scale of rates and observance of taxation principles. There was an issue of breeding a tax culture of citizens in the core of his scientific researches, he wrote: ‘… payers have a call of duty to fulfill their fiscal obligations’[8].

Opposite to the policy of progressive taxation of income with the effects of stimulation [9] the world publications raise the mechanism of proportional tax [10]. The issues of redistribution of incomes and optimal taxation are concerned in contemporary literature, in particular, through optimal tax rates [11], modeling of taxation [12], wealth gaps [13], mechanism of indirect taxation [14].

One should mark out works of assessment on tax burden on population as a separate vector of researches in the aspect of harmonization of relations of the state and population.

V. Panskov in his researches updates the problems of using of principles of taxing individuals under the conditions of Russian reality. He believed that it is necessary to introduce tax benefits, which are a powerful instrument of influencing economic activity of population, and, consequently, the economy of the country as a whole; this scientist together with V. Knyazev was developing a methodic of assessment of tax burden on individuals [15]. S. Barulin did not keep aside the issues, concerning tax benefits and tax deductions from incomes of individuals, he performed an attempt of exact determination of tax burden on population, suggested ways of improving the Russian system of taxing individuals [16].

In most of the developed countries instruments of tax policy became wide spread. The significant role belongs to tax benefits, oriented to encouraging priority, from the point of view of the state, of directions of activity, and on developing human potential in the context of the search of balance of interests of the state and population [17].

In the specialized literature a considerable part of works is devoted to analyzing principles of taxing individuals, especially, of realization of principle of justice, assessment of the tax burden on population, analysis of interconnections and interdependencies of indicators of taxation of individuals and different social economic indicators and processes. Thereby, the evolution of different tax theories began ever since the 17th century and continues nowadays. Undoubtedly, this development occurs under the impact of different political, economic, social factors. The development of contemporary market relations within the world society dictates a necessity of the further development of theoretical fundamentals of improving the system of taxation of individuals, because it is common knowledge it is impossible to provide an effective practice of taxation without a fundamental theoretical basis.

3. Genesis of interests of the state and taxpayers within the sphere of taxing incomes of individuals

The correct evaluation of the system of taxation at the contemporary stage is possible just through the prism of its historical development. Consideration of the interests of the state and taxpayers historically would allow to detect the reasons and perquisites of contemporary problems in the practice of collecting taxes from individuals.
Attempts of introducing income taxation were taken in the history repeatedly. So, ever since 10 A.D. the Emperor of China Wang Mang introduced an income tax for qualified specialists, however, in future after his death in 23 A.D. the mentioned tax was canceled. Then, there was no question about considering the interests of taxpayers, the tax was introduced just for completing the state treasury.

The further attempt of introducing individual income tax was taken in Florence in 1480 in connection with the necessity of financing expenses on warfare with Naples. Then the population was under a colossal burden, their incomes were taxed in parallel by two payments: head tax and power-tithe. The last represented a progressive tax on incomes of individuals, which rates were as low as 5% and as high as 16.33%. Though such a mechanism of taxation outran itself because of corruption growth and discontent of the population.

The essence of head taxation in France constituted in partition of the population into 22 classes depending on the property standing and taxation of their incomes according to the progressive scale from 1 to 2000 Livres. At that, as in the previous case, the population continued to pay the head tax. Unbearable burden made the citizens more often to use corruptive schemes and to decrease incomes by relating the taxpayer to lower class. Due to the absence of an exact mechanism of monitoring the revenues of individuals and the increase of tax receipts to the treasury, in 1710 a decision about reformation of classified head tax was taken. The new mechanism of collecting income money assumed setting a fixed scale of taxation (10 %) for all incomes, received from salary, estate, stocks and entrepreneurial activity. Besides that, a benefit system was provided – absolute discharge from tax paying, submitted according to the personal order of the king. It should seem, the state joined the sources of socially oriented taxation, but it was not like that. Even from the first days of introducing benefits on this tax, its collection caused long disputes and court trials. Despair, absence of centralized managing structures, desire of the officials of personal gain could not provide equal taxation. Finally, classified income tax in France outran itself and in 1789 was cancelled by one of the first acts of the Great French Revolution.

Intensified preparation of England to the war with Napoleon in 1798 demanded introduction of income tax in order to fill the state budget. Thereby, income tax in England gradually met the criteria, assumed as a basis of income taxation, and in 1842 was ratified in the English fiscal practice [18].

The mechanism of income tax collection in Prussia was different by its specificity. It was introduced in 1821 in order to pay contributions to Napoleonic France. Partition of citizens into four categories (classes): workers and servants, peasants, landlords and rich men, was typical for taxation with class duty. Revenues for each class were defined by special evaluation commission and were taxed by different rates. From the point of view of social justice this system of taxation of individuals is supposed to be most optimal, but from another point of view, the state spent wide resources on administration, in particular, on maintaining apparatus on evaluating revenues of the citizens. In this respect, in 1857 the tax was reformed and divided into two parts – class and classification. The classification part was paid by people with revenues, exceeding 3000 Marks, the class part was collected from poorer layers of population [19].

Further, while uniting of German lands the tax for incomes of individuals was reformed, which resulted in the non-satisfaction of the interests of the state and taxpayers. According to the new system population with revenues less than 420 Marks were exempted from taxes, all other people were divided into 40 classes, for each of them a fixed rate was set. All this led to uneven taxation – on the one hand, and to low budget receipts from another. The fact is that according to the new rules, people of one class, but with different revenues, paid the same sum of tax, which negatively influenced the social situation. Besides that, the introduction of new commissions, as it was said before, demanded significant finances for their maintenance, and bribery of officials led to the fact that corruption became a common phenomenon. The population paid bribes to the representatives of the evaluation commission for relating to less wealthy class. The inefficiency...
of the system made the representatives of authorities once again to fall back to changing the legal mechanism of collecting income tax in Germany. According to the innovations, the tax on incomes of individuals began to be collected from all citizens, which were divided into 94 categories according to rates higher than 0.62 and lower than 4% [20].

The introduction of income tax in the USA, as in many other countries mentioned above, was a necessary measure during the Civil War 1861-1865. Citizens with revenue lower than 600 dollars were exempted from taxes, the revenues of the rest were taxed with rates of 3% and 5%. After the end of the war, the tax was cancelled. Income tax was finally set up in the fiscal system of the USA just after the third attempt of its introduction (in 1913). It should be mentioned that the tax was set up just for the revenues, exceeding 3000 dollars, and was taxed according to progressive rate, which should be meant as a positive practice for the population. However, revenues from this tax barely covered expenses on administration, what, in the first turn, was stipulated by absence of interaction between states, problems of fiscal accounting and monitoring of revenues of individuals [21].

In Russia during a range of centuries the main direct tax was head duty. Firstly, it was introduced in 1812, during the period of critical state of finances of the state in connection with the consequences of the Patriotic War. Income tax was paid by representatives of the nobility from pure revenue, announced by them “on a belief” to the Assembly of Nobles, confirmed to be progressive, its rates were changing from 1 to 10% depending on the value of revenues.

After the Crimea War in Russia an extremely tense situation with finances was observed, and in order to solve this problem and to detect new sources of completing budget the Commission for reconsideration of the system of duties and taxes was established, which was active from 1859 to 1863. The main target of this Commission was the deletion of duty class and creation of such fiscal system, which would correspond to paying capacity of peasants. In 1862 a project of rules about income tax was elaborated, according to which revenues of population were to be taxed, which included salary, estate incomes, and revenues from entrepreneurial, scientific, trade and creative activity. It was assumed that the minimal tax rate would constitute 2% (for incomes more than 1 and less than 3 thous. rub.), maximal – 5% (for incomes more than 15 thous. rub.). The clauses of the new project were actively discussed in district assemblies, press, parliamentary circles. However, further it was declined because of recognition of income tax was premature under the conditions of pre-reform Russian situation [22].

Thereby, administration of the housing tax was quite easy, and it provided the state with stable revenues. At the same time, one should confirm that expenses of flat keeping are not an objective reflection of the level of revenues of population. Firstly, presence of extra rooms in a house can be caused by justified reasons: completion of family, professional activity, etc. Secondly, expenses on flat constituted different specific weight in total budget of citizens or family, which was stipulated both by property position and taxpayer or place of their living. As I. Janzhul mentioned: ‘The richer the taxpayer, the less he spends on flat, so the tax, being set in the same share, would fall on taxpayers inversely’ [7].

The reasons mentioned above demanded choosing and setting new subject of taxation. The situation was redoubled by arising the acute need of the state in additional means of financing of budget, caused by military expenses and increase of indebtedness. Besides that, social movements activated, which demanded removal of injustice of indirect taxation, which was a heavy burden for poor level of population. So under the conditions of overdue necessity, the income tax was introduced in 1916 in Russia. After the October Revolution the Law about the income tax was changed, then the tax began to be collected from all revenues of the citizens with allowance of benefits for workers of the national enterprises. Taking care of the people, in 1919 the government took a decision about setting of sufficiently high non-taxable minimum. However
this measure together with devaluation of the ruble negatively influenced the economic efficiency of considered tax.

An impulse for the second origin and development of income taxation in Russia was implementation of the Law ‘About income tax of individuals’, in accordance with which residents and non-residents were recognized as taxpayers of income tax.

It should be noted that the introduction of the progressive scale of taxation not only encouraged smoothing high inequality in the revenues of the population, but created a background for mass evasion from repayment of taxes, achieved its peak in 1991-1992. Most schemes of tax evasion resolved into formal transformation of especially large salaries and entrepreneurial revenues into non-taxable revenues. The signing of fictive agreements, cashing of nonregistered in accounting funds and good-material values was popular. Besides, funds of wealthy layers of population accumulated in assets of enterprises, and according to the norms of legislation, dividends were not taxed with income tax. The same position was taken by the legislation in accordance with interest of a deposit in bank. Thereby, adoption of a new law justified the expected results neither from the side of the state, nor from the side of taxpayers.

The law of 7 December 1991 underwent repeated changes (it was edited 18 times). In connection with price raise, the rates of income taxes were often changed; the list of nontaxable revenues and deductions was corrected. The largest share of income tax, both in the structure of gross domestic product, and in the structure of budgetary receipts belong to 1997, probably, this circumstance was caused by the change of the tax rate and improvement of the living standard of population.

The next principal new stage in the development of Russian income taxation was marked by coming into force of the second part of Tax Code of Russian Federation. Since 1 January 2001 not only the mechanism of collecting taxes, but its name itself was changed. The characteristic feature of the actual system of taxing revenues of individuals is the proportional scale of taxation. Common for most of the revenues of Russians is the rate equal to 13%. Besides that, for separate revenues, set by the legislation of Russia, rates of 35%, 30%, 9% and 15% are used. The objectivity of using proportional rates while taxing revenues of individuals is the subject of numerous scientific disputes.

The followers of the proportional rates of income taxation consider that just common for everyone rate would be able to provide equality of payers in the face of the law not depending on their social or other belonging. The use of common decreased tax rate counteracts use of ‘grey’ forms of payment of the salary and hiding high financing revenues by most rich citizens.

The main argument of their opponents is the fact that use of universal rates does not fit the structure of the Russian society and damages social justice of taxation. Besides that, the use of fixed rate of taxation ignores the fact that social group of citizens has superhigh revenues and excludes their increased bite of tax. Thereby, at a proportional income taxation the burden is decreasing just for those who have revenues above the average and high level, thus intensifying social inequality all over the country. One more ‘minus’ of the actual system of income taxation for population is the absence of nontaxable minimum, so popular in many developed countries. Though instead of it, a system of tax deductions, decreasing taxable revenues of individuals, is provided.

Social directivity of analyzed tax is unequivocally confirmed by the presence of revenues, released from taxation, which include:

- State benefits, excepting aids of temporary incapacity to work (including aid for ill child care), and other payments and compensation;
- Pensions on state pension provision, food;
4. Principles of taxation as fundamental rules of combination of interests of the state and taxpayers

The main value of the democratic state consists in successful realization of functions, expressed in the provision of important social needs of citizens, decent life standard for the population and all-round development of personality. A special attention in social regulation is paid for the fiscal component of financial policy of the state. At that economic growth and social orientation of economy is provided by the increase of financial revenues of population by literate regulations of system of taxation of individuals.

The system of taxing incomes of individuals is the most important and prospective directions of tax policy of any state. Practically, such a system should respond to the total economic situation in the country and to the targets, the state face, be clear and comfortable both for taxpayers and the state. Thereby, the taxation of individuals under the contemporary conditions should be aimed at the satisfaction of a complex of social needs of citizens, the increase of population life standard, the development and reproduction of human capital in the country, and eventually – to provision of stable economic growth. It is possible to achieve the set targets just due to optimal combination of system of principles, which consider interests of state and individuals.
Principles (from Latin *principium* – basis, beginning) represent fundamental ideas, leading clauses, defining the beginning of anything. In respect of the sphere of taxation, principles are guiding rules of subject behavior, which arise during the process of collection, calculation and payment of taxes. Thereby, principles encourage ordering and development of relations in this or that sphere.

The following systems of taxation principles are marked out in literature: economic, judicial and organizational. The economic principles determine the essence and rationality of taxes, consider them as economic phenomenon, that is why they are an essential element of scientific sphere and normative legal acts. Further we develop a discussion about economic principles of taxation.

The first clauses of ‘correct’ taxation were mentioned in the works of V.R. Mirabeau, P. Verri, F. Justi, though, A. Smith, a Scottish economist, one of the founders of modern economic theory, clearly formulated and scientifically grounded the specified clauses. In his work ‘An Inquiry into the Nature and Causes of the Wealth of Nations’ (1776) he marked out four principles, which further got a name of ‘declaration of rights of payer’. According to A. Smith, justice, certainty, comfortableness and economy are the main principles of taxation. At that, the principle of justice means that the tax should be collected from all taxpayers adequately to received revenues. The principle of certainty, in its turn, means that taxation should not be random, but strictly fixed, that is the size, method, terms of tax payment should be clear and known to payer in advance. The next principle – principle of comfortableness, meaning, that term and way of tax payment, as it is seen from the name, should suitable for the taxpayer. Principle of economy says that costs of collecting of taxes should be less than the sum of tax receipts.

The mentioned principles were added by A. Wagner, who suggested nine main rules, considering both the interests of taxpayers and the state. All rules were classified in the following groups: financial, economic, ethical and tax administrative.

N. Turgenev in his researches supported and somehow developed the principles formulated by A. Smith, in the work ‘Experience of tax theory’ (1818), where he especially underlines the necessity of observance of the principle of equal distribution of taxes between all citizens according to their revenues. Besides that, he noticed that true benefits of the state cannot come to gaining maximal benefit. In order to reach this goal, the principles he advanced were meant: equal distribution of taxes, their certainty, cheap collecting of taxes in suitable time. N. Turgenev offers a new general rule according to which the tax should be collected not from the very capital, but from pure revenue [6]. Adding of stated principles, in our view, is possible by the requirement of equilibration of budgetary tax policy [23], [24].

Eventually, as financial science was developing, the mentioned principles were defining more exactly and new ones were offered, more relevant for this or that stage of development of the tax system. Many of them, in particular, were reflected in the legislative acts of Russian Federation.

From the point of view of socially oriented taxation, directed on harmonization of relations of the state and individuals, under the conditions of Russian actuality, it is rational to offer a division of the principles on general and special. The general principles are common for the tax system; the special ones are typical just for the last category.

Let us consider the general principles. The principle of universality of tax coverage means the compulsory participation of each citizen in maintaining the state by the part of their income. In other words, each tax subject has to donate part of their incomes in accordance to legislative norms. This principle is inseparably connected to the clauses of Article 3 of the Tax Code of Russian Federation, which determines that during setting of taxes, factual ability of the taxpayer to pay taxes is considered.
The principle of equality originates from the clauses of the Constitution of Russia. This principle says that it is not allowed to set different conditions of taxation depending on social, racial, national, religious and other similar criteria. The principle of one-time taxation means that the same taxation subject can be subjected by any tax (duty) just of one type and just one time for tax period, set by the law. The nature of the very tax payments dictate the following principle – the principle of gratuitousness, meaning that payment of tax by the taxpayer is not accompanied by the response of individual obligation from the side of the state.

The principle of public aim of collecting taxes says that tax incomes should be spent on benefits for society and state. This principle develops the clause of Article 7 of the Constitution of Russia. The realization of this principle is an essential part of the social state, whose policy is directed to the creation of conditions, providing decent life and free development of human and is closely interconnected with the rules, put into the basis of budgetary right. The next principle combines two principles, which were formulated in their time by A. Smith, and corresponds to clauses of Article 3 of the Tax Code of Russian Federation. The principle of certainty and comfortableness means that all elements of the tax should be determined in advance and acts of legislation about taxes and duties should be formulated in such a way, that anybody should exactly know which taxes, when and in such a way they should pay; at that the place, time and method of payment should be suitable for payers. An important classical principle of taxation is the principle of efficiency of taxation. The tax system is confirmed to be effective, only when the resources paid for collection of taxes are less of the value of tax payment coming into the state treasury. In the modern system of taxes and duties, individual property tax does not satisfy this principle.

The principle of formation of tax culture in first turn is directed on struggle with the shadow economy and evasion from payment of taxes and duties by formation of open and clear system of taxation.

One of the main principles of socially oriented taxation of individuals is the principle of social justice, in accordance with which the citizens with high revenues should bear higher tax burden, than citizens with small revenues, including tax benefits, which would encourage improvement of general prosperity of poorest part of population of the state. This principle assumes the increase of interest bites by the growth of revenues of taxpayers, at that the rate scale can be with simple progression and complex progression. The first of them assumes the growth of the tax rate according to the whole object of taxation (revenue), and complex – the division of object of taxation into parts, each following part of which is taxed by increased rate.

It is rational to suppose, on the basis of [25], [26] the principle of optimal taxation, within which tax payments depend just on own actions of each consumer.
The principle of adequacy of collecting tax from revenue of a subject means that tax from revenue of taxpayer should not be collected, if its revenue doesn’t exceed the value of minimum of subsistence. This principle is in interrelation with the principle of social justice.

6. Conclusion

Studying the main stages of the development of the theories of taxation of individuals allowed deeper understanding of the nature and basis of tax existence. Since the 17th century, the formation of different tax theories still continues to excite brains of world thinkers. The main stimulus for continuous development of taxation theories is the constantly changing environment, assuming political, economic, demographic, social changes.

Te catholicity of theories creates a powerful base for improving fiscal legal relations between the state and taxpayers gives an opportunity for filling the gaps and correcting defects in the practice of tax collection.

Attempts of introduction of individual income tax were taken during the history repeatedly and began far back in the past of China. However, every new attempt up to the 18th century turned by a cancellation and reformation of the tax due to development of corruption, large-scale evasions and numerous abuses. Such practice gave a priceless historical lesson for future generations: for the provision of efficient taxation very important is the satisfaction of the fiscal need of the state and consideration of interests of taxpayers. Just optimal combination of these two components would create necessary conditions for qualitative social economic development of the state [27].

In Russia the practice of taxing revenues of individuals began with the introduction of a head duty. It should be mentioned that the historical experience evidences about collecting income tax both by progressive scale and with use of a non-taxable minimum. However, according to the bodies of state authority, such a system did not lead to the necessary level of budgetary receipts, though it was providing social stability, and further it was reformed, putting one of the main principles of taxation – the principle of justice to the background.

The further development of taxation of revenues of individuals should be originated from a combination of principles, which should consider interests both of citizens and the state, respond to general economic situation in the country and targets, the state face, be clear and comfortable as for the taxpayers and for the tax authorities. Only then, the goals of the democratic state, which express their main value, would be achieved.

7. References