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чтению текстов по дисциплине
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«The Taxation»

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Аннотация

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1. WHAT ARE TAXES?

Vocabulary list

burden (n)	бремя
individual(n)	1) физическое лицо, 2) человек, личность
legal entity	юридическое лицо
contribute	вносить вклад
expenditure (n)	расход, трата
public authority	государственная власть, органы госуд. власти
revenue (n)	годовой доход (государственный), валовой доход, доходные статьи бюджета
to impose a tax on	облагать налогом (syn. to levy a tax)
levy (n)	сбор, пошлина
unrequited (adj)	невознагражденный
benefit (n)	выгода, польза, пособие
represent (v)	представлять
obligation (n)	обязательство
exemption (n)	законное освобождение от уплаты налога
sever penalty	строгое наказание
fine (n)	штраф

1.1 Why is tax and taxation work so attractive to you? Give your advantages and disadvantages of such job.

1.2. Read the text and find out what are taxes?

WHAT ARE TAXES?

People often say there are only two things a person can be safe of in life: death and taxes. What are taxes? Taxes are defined as financial burdens borne by individuals and legal entities according to their ability to contribute towards the expenditures of public authority without a specific compensation. Taxes are compulsory levies that are regularly imposed and, as a rule, not destined for a special purpose; they are regarded as a contribution to the State Budget from which most government expenditures are financed in the common interest of the society. Taxes differ from other mandatory levies in that they are unrequited – i.e., they are not paid in exchange for some specific services or any particular benefit but represent a general obligation of taxpayers. In other words, there is no relationship between the tax paid by the person and the benefits received as a result of public

expenditure. In modern economies taxes are the most important source of government revenue.

Taxes are considered to have three functions:

1) fiscal or budgetary, to cover government expenditures, to provide the public authorities with the revenue required for meeting the cost of defence, social services, interest payments on the national debt, municipal services, etc.;

2) economic, to give effect to economic policy, to promote such general aims as full employment, monetary stability, to influence the stable satisfactory rate of economic growth of the nation, and also to influence the macroeconomic performance of the economy (the government's strategy for doing this is called its fiscal policy. To achieve this aim tax exemptions are used.);

3) social or redistribute, to increase the welfare of the community, to lessen inequalities in the distribution of income and wealth by redistributing resources between individuals or classes of the population. Historically, the nobility were supported by taxes on the poor. Modern social security systems are intended to support the poor, the disabled or the retired by taxes on those who are still working.

Taxes are compulsory involuntary payments and every citizen of the country is legally bound to the tax imposed on him. Failure to pay taxes, or paying less than one owes, can lead to substantial penalties (besides just the tax owed). If the failure to pay or the payment of incorrectly low amount is deemed intentional, not merely a mistake, it is a crime subject to more sever penalties, including large fines and imprisonment.

1.3 Read the text again and answer the following questions:

1. What are taxes?
2. Who is obliged to pay taxes?
3. What is the difference between taxes and other compulsory levies?
4. What is the most important source of government revenue?
5. What can failure to pay taxes lead to?
6. Is there any relationship between the tax paid by the person and the benefits received by him?
7. What functions of taxes do you know?

1.4 Look through the text again and find English equivalents for the following Russian phrases:

Считается преднамеренным; покрыть государственные расходы; в соответствии с их способностью; повлиять на удовлетворительный темп экономического роста; чтобы достичь этой цели используется освобождение от уплаты налогов; увеличить благосостояние общества; уменьшить неравенство в распределение доходов; система социального страхования предназначена для поддержания бедных; источник государственных доходов; всеобщая обязанность налогоплательщиков.

1.5 Guess the meaning of the words by their definitions:

- income which the government receives as tax,
- the highest authority in the country
- money gained by trade or business
- money which must be paid to the government according to income, property, goods bought, etc.
- to charge a tax
- money received regularly as payment for work or interest from investment
- the system by which a country wealth is produced and used
- money paid regularly for the use of something
- that part of the money made by a business, which is divided among those who own shares in the business
- a charge made for the borrowing of money
- something owed to someone else

2. GENERAL PRINCIPLES OF TAXATION

Vocabulary list

establish (v)	устанавливать, учреждать, основывать
contribution (n)	вклад, взнос
fulfilment (n)	выполнение, осуществление
Public Finance	государственное финансирование
allocation (n)	Распределение
redistribution (n)	Перераспределение
income (n)	доход, прибыль
annual income	годовой доход
to bring in an income	приносить доход
the principle of efficiency	принцип эффективности
the principle of sufficiency	принцип достаточности
the principle of flexibility	принцип гибкости
the principle of neutrality	принцип нейтральности
the principle of equity	принцип справедливости
demand (n)	требование, спрос, потребность
the principle of congruence	принцип соответствия
the principle of continuity	принцип непрерывности
the principle of viability	принцип жизнеспособности
the principle of transparency	принцип прозрачности
the principle of feasibility	принцип выполнимости
the principle of convenience	принцип удобства
revenue (n)	доходы, денежные поступления
expenditure (n)	расход, потребление
public needs	общественные нужды
surplus (n)	избыток, излишек
tax burden	налоговое время
oscillation (n)	колебание
to interfere	вмешиваться
consumption (n)	потребление

2.1 Read the following text and translate it.

GENERAL PRINCIPLES OF TAXATION

The principle of taxation comprise rationality, efficiency and justice in fulfilling the general objectives of State activity. On the one hand, they are the operative expression of a value system (ethical, social or economic) which passes judgement upon the tax system. On

the other hand, they embody technical requirements aimed at ensuring the contribution of the tax system to the fulfilment of the general objectives of Public Finance.

Neumark (1970) believes such principles emanate from the objectives which taxes must serve, within the social context which validates them. He established the most refined classification of these principles. He makes out budgetary-fiscal, political-social, political-economic and technical-fiscal principles.

Thus, the ideal tax system begins with the objectives of taxation, then produces the corresponding principles, next shapes the tax system and, finally, structures the taxes. Any coherent criterion of classification must relate the general principles to the basic functions of the public sector in a particular economy.

Following Musgrave (1959), predominantly technical principles must be seen in conjunction with the overall objectives of economic stability, the optimal allocation of resources and the redistribution of income and wealth. Loscos (1995) places the principles of efficiency or rationality and sufficiency of the tax system within the first group, passing next to those of flexibility, neutrality and equity.

1 Efficiency or rationality.

This principle includes a set of demands directed towards guaranteeing the internal coherence of the various elements comprising the tax system and their adjustment to the balanced achievement of the objectives and the possibility of cheap and easy management and collection which does not involve excessive tax compliance costs for taxpayers.

This principle is related to the classic norms of certainty, convenience and economic viability of taxation, or that of minimum-cost of administration and compliance as proposed by Due (1968), together with the juridical-fiscal and technical-fiscal principles proposed by Neumark (1970) for the design of the tax system, both internal (principles of congruence, continuity and economic viability) and external (principles of transparency, feasibility and convenience).

2 Sufficiency.

According to this principle, the tax system is to allow the Administration to collect the revenue necessary to meet total expenditure or public needs.

There are two different interpretations of this formulation: absolute sufficiency and relative sufficiency.

Absolute sufficiency means that the tax system must generate sufficient revenue to ensure public expenditure in a specified financial

year. It is a potential capacity, independently of the degree to which considerations of economic stability suggest the use of this revenue-collecting capacity in order to present a balanced budgetary settlement, whether with a deficit or surplus.

Relative sufficiency refers to the fulfilment of this principle to the meeting of the collective needs existing at a specific point in time ("desirable expenditure").

Thus, this formulation of the sufficiency principle is linked to the two budgetary – fiscal principles proposed by Neumark (1970), namely sufficiency and the capacity for increase.

3 Flexibility.

According to this principle, the tax system must be flexible. The evolution of revenue levels must respond positively to variations in the level of economic activity. In situation of economic growth, an increase in the tax burden reduces public demand, avoiding excessive inflation. During economic downturns a reduction of fiscal pressure allows demand to be sustained, thus reducing the decrease in economic activity. Hence, the more progressive the tax system is, the greater effect such action have.

Consequently, the sensitivity of the tax system with regard to the oscillations of the economic situation should be triggered both automatically (passive flexibility) and discretionally (active flexibility).

4 Neutrality.

The neutrality principle is that the tax figures which comprise the fiscal system should not interfere, or interfere only minimally, with the market allocation of resources. The tax system should not alter the decisions of economic agents regarding the consumption of the different types of goods, nor in the choices made between consumption and saving, working or not working, investing (or not) in specific sectors. The principle was the avoidance of excessive taxation.

5 Equity.

According to this principle the tax system must be equitable in the distribution of the fiscal burden, taking into account differing circumstances. This is a concept of justice linked to the function of the redistribution of income and wealth for which the public sector is responsible. All citizens must contribute in the same way to the maintenance of public expenditure.

The application of this principle is based on the two criteria: horizontal equity (equal treatment for those in equal circumstances) and vertical equity (appropriately unequal treatment for those in

unequal circumstances), corresponding to the principles of generality, equality, proportionality and redistribution.

2.2 Read the text again and answer the following questions:

1. What do the principles of taxation comprise?
2. Who established the most refined classification of these principles? What principles does he distinguish?
3. What is Musgrave's point of view ?
4. What does the principle of efficiency include? What is this principle related to?
5. What kind of sufficiency do you know?
6. Why must the tax system be flexible?
7. What does the principle of neutrality mean?
8. What does the principle of equity mean?

2.3 Find the most suitable Russian equivalents to the following English collocations.

To comprise rationality, efficiency, and justice in fulfilling the general objectives; the operative expression of a value system; to pass judgement upon the tax system; to embody technical requirements aimed at ensuring the contribution; to make out budgetary-fiscal, political-social, political-economic, and technical-fiscal principles; must relate the general principles to the basic functions; optimal allocation of resources and the redistribution of income and wealth; to include a set of demands directed towards; to involve excessive tax compliance costs for taxpayers; must be designed in such a way as; to ensure public expenditures; in order to present a balanced budgetary settlement; to respond positively to variations in the level of economic activity; to reduce public demand, avoiding excessive inflation; to interfere minimally with the market allocation of resources; to be equitable in the distribution of the fixed burden.

2.4 Fill in the gaps.

1. The principle of taxation _____ rationality, efficiency and justice.
2. Such principles _____ from the objectives which taxes must serve.
3. This principle is _____ to the classic norms of certainty, convenience and economic viability.

4. The second interpretation (relative sufficiency) _____ to the fulfilment of this principle.
5. An increase in the tax burden _____ public demand.
6. The tax system should not _____ the decisions of economic agents.
7. All citizens must _____ in the same way to the maintenance of public expenditure.

2.5 Make a short oral summary of the text.

2.6 a) Translate the text into Russian.

b) Supply the paragraphs with the suitable titles:

- a. Tax neutrality
- b. Concentration of revenue sources.
- c. Minimization of collection lags.
- d. Broad and objectively defined tax bases.

c) Dwell on the basic ideas about the desired features of a tax system, compare them with the four qualities Adam Smith thought desirable in taxation.

The four qualities most wanted in any system of taxation have been set down by Adam Smith. These are as follows:

1. The citizens of every country ought to help support their government as best they can in proportion to their abilities. That is, they should give in proportion to the income they enjoy under the protection of the state.

2. The tax each person is bound to pay ought to be certain, not arbitrary. The time, method, and amount of payment must be clear and plain. If not, all will be more or less at the mercy of the tax collector, who may then be willing to raise the tax or to threaten the same. An uncertain taxation can only promote corruption. Certainty, by contrast, is so important that even some degree of inequality is to be preferred to a very small amount of uncertainty.

3. Each tax ought to fall due at the time, or in the way, it is most fit for the subject to pay it. A tax on the rent of land or of houses can be paid at a regular term or when money is most apt to be at hand. Taxes on luxury goods, luxury taxes, can, of course, be paid at the time of sale.

4. Every tax ought to be so managed that it will take out - and keep out - of the pockets of the people as little as possible beyond what it brings in to the public treasury. Waste is less to be feared when the number of officers in the tax service is kept down; it is less likely when the tax does not offer a temptation to smuggling;

and it is less when the people are not subject to the frequent visits of tax gatherers, or to the restrictive trade practices that create them.

Of the four maxims, equality of taxation is least understood. Why should equality be the rule in tax matters? For the reason that it should be the rule in all state affairs. A government ought not to distinguish between persons or classes in the claims they have on it. What sacrifices the government requires from one of them should bear as heavily or as lightly on all. In this way, the least sacrifice will be felt by the whole.

If any one bears less than his or her fair share of the burden, another must suffer more. The lightening of the one's share is not so great a good as the increased burden on the other is an evil. Equality of taxation, therefore, means equality of sacrifice. It means sharing what each person gives towards the costs of government so that no one will feel any more or less trouble than anyone else. This standard of perfection cannot, of course, be fully reached; but our first need is to know what perfection is.

3. CORPORATE INCOME TAX

Vocabulary list

Assets (n)	активы
Partnership (n)	товарищество
Single proprietorship	не корпоративная компания, принадлежащая одному лицу
Securities (n)	ценные бумаги
Marginal rate	предельная ставка
Measure (v)	измерять
Dramatic (adj)	яркий, внушительный
Depreciation (n)	амортизация
Eventually (adv)	в конце концов, в конечном итоге
Charge off (v)	списывать
IRS (Internal Revenue Service)	Служба Внутренних Доходов
Vexing (adj)	неприятный
Inventory (n)	стоимость запасов товаров, товары
Rapidly (adv)	быстро
Stock (n)	склад, запас
Delivery (n)	доставка
Relevant cost	достоверная цена
Mixture (n)	смесь
Accountant (n)	бухгалтер
Assume (v)	полагать
Impact (n)	
LIFO = last in first out	влияние, воздействие
FIFO = first in first out	
Financial statement	финансовый отчет

3.1 What is the effect of taxation policy on corporate investment decisions?

3.2 Read the text and find out what is corporate income taxes?

CORPORATE INCOME TAX

In the US and most other countries, the corporate form of organization is the most important in terms of dollar value of assets owned, although many more firms are organized as partnerships or single proprietorships. Legally, a corporation is regarded as a separate entity, while partnerships are considered as extensions of their owners. Income earned through proprietorships and partnerships is taxed primarily through the personal tax levied on their owners. Income earned by a corporation may be taxed twice — once when it is earned via corporate income tax and again when it is received as dividends by holders of the firm's securities, via personal income tax.

CORPORATE TAX RATES

The corporate income tax is relatively simple in one respect. There are usually only a few basic rates. For example, in 1983 there was a tax rate of 15 per cent applicable on the first \$25,000 of taxable income, a rate of 18 per cent applicable to the next \$25,000, a rate of 30 per cent applicable to the next \$25,000, 40 per cent to the next \$25,000 and finally a rate of 46 per cent applicable to all income over \$ 100,000. The result is shown in Chart 1 - the top line shows the marginal rate, the bottom line shows the average tax rate. The marginal rate is more relevant for most decisions. For example, if a corporation were considering an investment that would increase its income from \$65,000 to \$70,000 each year, the increase in income would be $(1 - 0.3) \times \$5,000$. As the figure shows, the larger a corporation's taxable income, the closer its average tax rate comes to the higher marginal rate. Overall such corporations pay taxes equal to virtually the largest marginal rate (46 per cent).

DEFINING INCOME

For tax purposes, corporate income is defined as revenue minus expenses. The problems arise in measuring these two elements. The most dramatic instance of this difficulty concerns depreciation of assets. If a corporation buys a computer for \$1 million, it is entitled to eventually charge off this cost as a deductible expense when computing taxable income. On 46 per cent rate, this represents an eventual tax saving of \$460,000. The sooner the cost can be written off, the greater the benefit to the company. For the purposes of reporting corporate income to the IRS, assets are grouped into three broad classes. Automobiles and research equipment are considered *three-year property* most business equipment is *considered five-year property*, buildings are usually considered as *fifteen-year property*.

Another vexing problem associated with the measurement of corporate income concerns the cost of inventory sold during the year. This arises when prices are changing fairly rapidly and a company holds inventory for long periods. To take a fairly simple case, imagine a retailer of sailboats. At the start of the year he has 100 in stock, all purchased for \$10,000 each. During the year he takes delivery of 100 more but must pay \$11,000 each, ending with 90 in stock. The boats are sold for \$15,000 each. What was his income?

The question concerns the relevant cost of the 110 boats that were sold and of the 90 that remain. The firm may have sold all the 'old' boats first (the LIFO method), or all the 'new' boats (the FIFO method), or a mixture of the two (the average-cost method). An accountant may assume any of the above combinations without regard to the actual facts of the situation.

Let's discuss the influence of the impact of different inventory valuation methods on the company's decision making. When prices have been rising, the LIFO method will permit a corporation to charge more to cost in the present and less in the future. This will lower taxes in the present and raise them in the future. However, before 1970 many companies used the FIFO method, suggesting that in times of moderate inflation many managers were willing to sacrifice some real benefits to improve the appearance of their company's financial statements.

3.3 Read the text again and answer the following questions:

1. What are the tax advantages of a single proprietorship/partnership versus a corporation?
2. In what senses is corporate income liable to double taxation?
3. Why is the marginal rate of taxation most relevant for investment decisions?
4. In the US, how long does it take to depreciate a photocopier, computer, etc.?
5. Why do most companies nowadays operate the LIFO inventory method?

3.4 Match the words on the left with their best synonym on the right:

- | | |
|---------------|----------------|
| 1. accountant | a. example |
| 2. via | b. in the end |
| 3. virtually | c. make better |
| 4. instance | d. to consider |

- | | |
|-----------------|--------------------|
| 5. eventually | e. mainly, chiefly |
| 6. charge off | f. Book-keeper |
| 7. vexing | g. Example |
| 8. rapidly | h. Through |
| 9. assume | i. in fact |
| 10. actual | j. to write off |
| 11. suggest | k. influence |
| 12. improve | l. To suppose |
| 13. accountancy | m. to make better |
| 14. impact | n. real |

3.5 Guess the meaning of the word by its definition.

1. All things owned by a person or business and having some money value, especially if they can be used to pay debts, produce goods, or in some way help the business to make profit.
2. A business owned by two or more partners.
3. An official piece of writing, e.g. a bond or a piece of stock, giving the owner the right to certain property.
4. When compared to others of the same kind
5. Directly connected with the subject.
6. To remove from the records or accounts.
7. All the goods in one place.
8. A combination of thing or people of different types.
9. A person whose job is to control and examine the money accounts of businesses or people.
10. The US federal organization that assesses and collects all personal and business federal taxes.
11. Any document that shows the state of the finances or financial position of a person or organization, usually listing assets and liabilities as in a balance sheet, or giving an account of profit and loss.
12. The percentage rate of income tax paid by a taxpayer on that part of his income that is taxed the most.
13. A gradual loss in the value of something, such as a vehicle, a machine or any asset that wears out with use and age.
14. To find the size, length, amount, degree, etc., of something in standard units.

3.6 Translate the following Russian collocations using the text

Представить существенные изменения по работе налога на прибыль предприятий; часть дохода, которая предназначена для

уплаты в городской бюджет; осуществлять коммерческую деятельность на основе постоянных представительств; включать доход с любых источников поступления; юридические и физические лица; представить бухгалтерские отчеты; заполнить отчеты о результатах хозяйственной деятельности; налоговая служба контролирует уплату налогов и исполнение налогового законодательства; подлежат уплате всех налогов, процентов и штрафа, установленных налоговым кодексом РФ; не имеют возможности полностью уплатить налоги из-за нестабильного финансового положения; представление предприятия к процедуре банкротства

4. THE VAT

Vocabulary list

VAT	НДС
consumption (n)	потребление
assess (v)	взимать (налог), облагать (налогом)
commodity (n)	товар
value added	
(pl. values added)	добавленная стоимость
invoice (n)	счет-фактура
issue (v)	выписывать
item	вид товара
transaction (n)	операция
recover (v)	возмещать, получать обратно
book (n)	бухгалтерская книга
this is not the case	дело обстоит иначе
entire (adj)	весь, целый
enforcement (n)	принуждение, установление, давление
require (v)	требовать
smuggle (v)	заниматься контрабандой

4.1 Read the following text and translate it.

THE VAT

The VAT is a general consumption tax used in virtually every major country except the U.S. In some countries, including Singapore, Australia, New Zealand and Canada, this tax is known as "goods and services tax" or GST.

The VAT is assessed on goods and services, applied at each stage of the production of a commodity, and charged only on the value added at that stage. It is a general tax because the tax applies to all commercial activities that involve the production and distribution of goods and the provision of services, and a consumption tax because the burden ultimately falls on the final consumer. It is not a charge on companies.

Although VAT is theoretically a tax on "value added", in practice it resembles a sales tax in that each trader adds the tax to sale in-

voices issued and accounts for the appropriate tax authority department. However, the trader is permitted to deduct the amount of tax paid on invoices received for goods and services (but not for wages and salaries). Thus VAT is a form of "indirect taxation", its burden being borne not by traders but by the ultimate consumers of their goods and services. The system is designed to avoid the cascade in which tax is paid on tax, as goods and services pass through long chains of activity.

VAT is often said to be an example of a proportional tax, since the amount of tax paid is proportional to the size of the tax base, i.e. VAT is a tax with a single rate. It is charged as a percentage of price, which means that the actual tax burden is visible at each stage in the production and distribution chain. Thus being calculated as a specified percentage of the total invoice value of goods rather than the number of items, VAT is an example of an ad valorem tax (Latin: according to value).

VAT is collected fractionally, via a system of deductions whereby taxable persons (i.e., VAT-registered businesses) can deduct from their VAT liability the amount of tax they have paid to other taxable persons on purchases for their business activities. This mechanism ensures that the tax is neutral regardless of how many transactions are involved.

Personal end-consumers of products and services cannot recover VAT on purchases, but businesses are able to recover VAT on the materials and services that they buy to make further suppliers or services directly or indirectly sold to end-users. In this way, the total tax levied at each stage in the economic chain of supply is a constant fraction of the value-added by a business to its products.

The VAT was created by Maurice Laure, joint director of the French tax authority, in the 1950s. The VAT was invented because very high sales taxes and tariffs encourage cheating and smuggling. For example, a 30% sales tax was so often cheated that most of the retail economy would go off the books. This is not the case with VAT. The entire economy helps in the enforcement by collecting the tax at each production level, and requiring the previous production level to collect the next level tax in order to recover the VAT previously paid by that production level.

4.2 Read the text again and answer the following questions:

1. What is the VAT?

2. What is the GST?
3. What countries use the VAT?
4. Why is the VAT a general tax?
5. What is the difference between the VAT and sales tax?
6. Why is VAT said to be an example of a proportional tax?
7. Why is VAT considered neutral?
8. What was the reason for inventing the VAT?

4.3 Read the following statements and say if they are true or false

1. The VAT is a charge on companies.
2. Besides the U.S. the VAT is a general consumption tax used in virtually every major country.
3. The VAT is assessed on profits.
4. The VAT is a form of direct taxation.
5. An end-user fails to recover the VAT.

4.4 Translate the sentences

1. He has to account to the chairman for how he spends the company's money.
2. The rules clearly specify that competitors are not allowed to accept payment.
3. Consumers have the right to return faulty goods and demand a refund from the supplier.
4. We haven't received payment for our invoice dated 3 September.
5. The EC uses protective tariffs to help its farmers.
6. The ultimate consumer pays considerably more than the manufacturing price.
7. Much of the production process is done by hand so there is a high value added.
8. One of advantages of indirect taxes is that they can be collected from comparatively few sources while their economic effects can be widespread.
9. The sales tax is based on the selling price of goods. Such a tax is not now generally favoured, since it has a cascade effect, i.e. if goods are sold on from one trader to another the amount of sales borne by the ultimate buyer becomes too great. VAT was largely designed to meet this objection.

10. For example, if a manufacturer acquires a partly made component, the value added will be the combination of labour and profit that increase the value of the part before it is sold.

11. Expenditure tax (outlay tax) (налог на расходы (косвенный налог)), of which VAT is an example, is often preferred by tax theorists to income taxes, as it does not distort the incentive to work.

4.5 Guess the meaning by its definition

1. The worth that is placed on a product by a particular stage in the production process.

2. To take (especially goods) illegally in or from one country to another whereby to avoid paying necessary tax (customs duty).

3. To provide a satisfactory record, especially money received and paid.

4. To cause something new to exist; to produce something new.

5. The act of causing a rule or law to be obeyed or carried out effectively.

6. To produce a new idea or thing for the first time

7. In spite of everything; without worrying about or taking account of.

8. To look like or be alike

9. To state exactly; describe fully.

10. In Latin the tax that is calculated as a percentage of the value of the goods

5. INCOME TAX

Vocabulary list

income tax	Налог на доход физических лиц
inheritance tax	налог на наследство
real estate tax	налог на недвижимость
sales tax	налог с продаж
value-added tax	налог на добавленную стоимость
excise tax	акцизный сбор
to tax	
to levy	
to impose	облагать налогом
graduated rate	прогрессивная ставка
immovable property	недвижимое имущество
resident (adv.)	постоянно проживающий
pecuniary (adj.)	денежный
pay in kind	натуральная оплата
royalties (pl.)	лицензионные платежи
self-employment (n.)	индивидуальная трудовая деятельность
social welfare benefit	Выплаты по социальному обеспечению

5.1 Read the text and find out what is income tax?

INCOME TAX

Taxes are most commonly classified as either direct or indirect, an example of the former type being the income tax (inheritance tax, real estate tax) and of the latter the sales tax (value-added tax, excise tax). Direct taxes are taxes on persons; they are aimed at the individual's ability to pay as measured by his income or net income in excess of stipulated minimum. They are also adjusted to take into account the circumstances influencing the ability to pay of the individual, such as family status, number and age of children, and financial burdens resulting from illness. Income taxes are often levied at graduated rates; that is, at rates that rise as income rises. Inheritance taxes are taxes on the money or property that you give to

someone else after you die. Real estate taxes are taxes imposed upon immovable property consisting of land, any natural resources, and buildings.

In Russia income tax is levied on resident and non-resident individuals, whether or not they are citizens of the Russian Federation. Individuals are considered to be a resident if they stay in Russia for 183 days or more in the calendar year.

Residents are liable to income tax on their world-wide income. Non-residents are taxed on their Russian Federation source of income.

Income is taxable whether it is received in pecuniary form or in kind. Taxable income includes:

- income from employment;
- casual earnings and earnings from secondary employment;
- copyright and patent royalties;
- income from self-employment.

Taxable income does not include: social insurance and social welfare benefits; alimony; all types of pensions; payments to students; income received for work associated with prospecting activity for the extraction of gold; interest and gains from deposits in Russia banking establishments and from state treasure bonds; compensation for injury and other damage to health; capital gains; gifts; insurance payments; redundancy payment.

Each individuals is established to deduction equal to the minimum wage. An additional deduction is available for the cost of maintaining each child up to age 18, each child aged from 18 to 24 receiving daytime undergraduate education and each dependent not having an independent source of income.

Second World War veterans and invalids, parents and widows of military personnel who died carrying out military and official duties are entitled to a deduction equal.

Taxable income may also be reduced by amounts given for charitable purposes.

5.2 Look through the text again and answer the following questions:

1. How are taxes classified?
2. What direct taxes are mentioned in the text?
3. What are direct taxes aimed at?
4. What are income taxes levied on?
5. What are income taxes adjusted to?

6. What circumstances of the individual influence the ability to pay ?
7. What rates are income taxes levied at?
8. What does the term «inheritance tax» mean?
9. Who is liable to income tax in Russia?
10. What income is taxable and what is not?
11. Who is available for an additional deduction?

5.3 Find the most suitable Russian equivalents to the following English collocations

Taxes are most commonly classified as; the former type being the income tax; measured by income or net wealth; the circumstances influencing the ability to pay of the individual; financial burdens resulting from illness; income taxes are often levied at graduated rates; taxes imposed upon immovable property; individuals are considered to be resident ; to be liable to income tax; to be received in pecuniary form or in kind; copyright and patent royalties; associated with prospecting activity for the extraction of gold; to be entitled to deduction equal to; daytime undergraduated education.

5.4 Look through the text again and find English equivalents for the following Russian phrases:

В сфере внимания прямых налогов находится платежеспособность каждого человека, которая измеряется уровнем его дохода и собственного состояния; принимать в расчет обстоятельства, влияющие на платежеспособность человека; налогом на имущество облагается недвижимое имущество, состоящее из земли, природных ресурсов и строений; доход облагается налогом независимо от того, получен он в денежной или натуральной форме; процент и прирост денег на депозите в банках; каждый человек имеет право на равную минимальную сумму заработка, не облагаемую налогом.

5.5 Guess the meaning of the words by their definitions

- a) to levy a tax on (people, companies, etc.)
- b) something that is carried; load
- c) something owned
- d) a percentage of the revenue from the sale of a book, performance of a work, use of a patented invention or of land, paid to the author, inventor, or owner

- e) a payment made by an institution or government to a person who is ill, unemployed, etc.
- f) the total amount of money earned from work or obtained from other sources over a given period of time
- g) shortest; straight
- h) a personal tax levied on annual income

5.6 Read the following statements and say if they are true or false, and if they are false, say why.

e.g. In my opinion it is true that
I'm afraid it is false that because.....

1. Taxes are most commonly classified as indirect.
2. Direct taxation is a system of collecting taxes by adding an amount to the price of goods and services that people buy
3. Income taxes take into account family status, number and age of children and financial burdens resulting from illness
4. Inheritance taxes are taxes on the money or property that you give to someone else when you alive
5. Income tax is levied only on resident individuals
6. You can receive taxable income in pecuniary form or in kind

Taxable income includes only income from employment and self-employment

6. THE EXCISE

Vocabulary list

luxury (n)	роскошь
wagering (n)	заключение пари
otherwise stated	если выразиться иначе
in this manner	именно таким образом, именно этим
suggest (v)	полагать
inelastic demand	неэластичный спрос
sensitive (adj)	чувствительный
result (v) in	приводить к
waive (v)	отказываться от, временно откладывать
seek (sought) (v)	искать
obtain (v)	получать
destination country	страна- получатель
domestically (adv)	внутри страны
explicit (adj)	явный, недвусмысленный
implicit (adj)	неявный, скрытый

6.1 Read the following text and translate it.

THE EXCISE

The excise is an indirect tax or duty levied on items produced and sold within a country, usually on "luxury" ones. Some of the goods on which excise taxes are collected are as follows: tobacco, alcoholic beverages, gasoline, automobiles, etc. There are also excise taxes on activities, such as wagering, highway usage by trucks or air travel, etc. It is an ad valorem tax on specific goods or, otherwise stated, a fixed rate tax on specific goods; in this manner it differs from a general sales tax or value-added tax. The tax base is the non regulated (fee) sales price of the goods including the excise duties.

Excise duties usually have one of two purposes, either to raise revenue or to discourage particular behavior.

Taxes such as on fuels, alcohol and tobacco are often justified on both grounds. But theoretical economics suggests that the optimal revenue raising taxes should be levied on items with an inelastic demand, while behavior altering taxes should be levied where demand is elastic. Elasticity of demand means the degree to which the demand for a commodity is sensitive to, or affected by, a change in price. If a small change results in a large change in demand, demand is said to be elastic; if a large change in price leads to only a small change in demand, demand is said to be inelastic.

Excise taxes can be imposed at the point of production or importation, or at the point of sale. They are usually waived or refunded on goods being exported, so as to encourage exports, though they are often re-imposed by the importing country. Smugglers will seek to obtain items at a point which they are not taxed and then sell them at price between the pre-tax and post-tax price. They also look to find loopholes, which may exist through importing to different countries, before then exporting to the destination country.

For similar items, excise duties are the same for imported and domestically produced goods; if the tax is different, then there is an explicit or implicit customs duty.

6.2 Read the text again and answer the following questions:

1. What is the excise tax?
2. What are kinds of goods on which excise taxes are levied?
3. Are excise taxes imposed on any activities?
4. What are the purposes of excise duties?
5. What is elasticity of demand?
6. What is inelastic demand?
7. At what point can the excise tax be imposed?
8. When can excise taxes be refunded? Why are they refunded at this stage?
9. How do smugglers manage to evade to pay excise tax?

6.3 Guess the meaning of the word by its definition

1. expensive items that are bought from choice not necessity
2. a liquid for drinking, especially one that is not water or medicine
3. a place to which someone is going or to which someone is sent, esp. at the end of a long journey.

4. To be dissimilar in nature, character, type, etc.
5. Within a particular country
6. The government tax on certain goods produced and used inside a country or they are imported
7. Clearly and fully expressed
8. Material that is used for producing heat or power by burning
9. a reason; the facts or conditions that provide a base for an action
10. implied and understood though not directly expressed
11. to become the owner of something by means of effort; to get
12. to have as a result; to cause
13. to make a search; try to find
14. strongly or easily influenced or changed by something
15. to cause a new idea to form in the mind
16. the action of risking an amount of money on an uncertain result
17. to state officially that a right or rule is no longer in effect

6.4 Render the text

Board of Customs and Excise (Таможенное и Акцизное Управление)

This government department is responsible for collecting and administering customs and excise duties and VAT. The Commissioners of Customs were first appointed in 1671 by Charles II. The Excise department, formerly part of the Inland Revenue department, was merged with the Customs in 1909. The Customs and Excise have an investigation division responsible for preventing and detecting evasions of revenue laws and for enforcing restrictions on the importation of certain goods (e.g. arms, drugs, etc.). Their statistical office compiles overseas trade statistics from customs import and export documents.

6.5 Translate from English into Russian

1. The implicit cost is the cost that is extra to main costs and is usually unrecorded or hidden, such as the cost of the services performed by the owner of a business in managing it.

2. Luxury tax is a special indirect tax on luxuries, i.e. on articles or services that are expensive and not really necessary for normal living, such as a tax on jewellery and non-essential goods.

3. An excise is a type of ad valorem tax that is imposed at the time of purchase of sale transaction or in connection with importation across a political border (tariffs).

4. The tax base may be the purchase price or the declared value.

5. A fuel excise is often used to pay for public transportation and for the protection of the environment.

6. A high alcohol excise is used to discourage alcohol consumption, relative to other goods.

7. You can't mix oil and water, which are both liquids.

8. In the USA the excise is levied by the city or town where the vehicle is principally garaged and the revenues become part of the local community treasury.

9. An excise at the rate of \$25 per one thousand dollars of valuation (effective 1/1/81) is levied on each motor vehicle.

10. Information on the value of the motor vehicle is accessed electronically through a data bank complete with valuation figures.

11. Different sources provide the valuation figures depending on whether the motor vehicle is an automobile, a truck, a motorcycle, or a trailer.

12. Present market value, price paid, or condition are not considered for excise tax purposes.

13. The excise tax law establishes its own formula for valuation for state tax purposes whereby only the manufacture's list price and the age of the motor vehicle are considered.

14. Every motor vehicle owner must pay an excise tax based on valuation at least ten percent of the manufacture's list price; thus, owners of vehicles older than 5 years should have a fixed excise tax bill for succeeding years of ownership.

15. If a motor vehicle is registered after the beginning of any calendar year, no excise will be imposed for those months, if any.

16. The annual excise due on cars registered after January 1 will be reduced, therefore, by one twelfth of the full year's excise for every month prior to the one in which the vehicle was registered.

17. Generally, tax collectors do not accept partial payment of an excise bill.

18. Taxpayers should be prepared to pay the whole amount due.

19. In the USA payment of the motor vehicle excise is due 30 days from the date the excise bill is issued (not mailed, as popularly believed).

20. A person who does not receive a bill is still liable for the excise.

6.6 Translate from Russian into English

1. Тремя главными источниками государственных доходов являются: личный подоходный налог, отчисления на социальное страхование, а так же акцизные сборы и налоги с продаж.

2. Налоги с продаж и акцизные сборы, которые по своему значению стоят на втором месте, являются налогами, взимаемыми с продаж определенных товаров.

3. В США на федеральном уровне имеются акцизы на алкогольные напитки и табачные изделия, а так же на автомобили, телефонные переговоры и авиационные билеты.

4. На уровне штатов и местных органов важным источником доходов являются налоги на продажи вообще (при этом некоторые товары часто от них освобождаются).

5. "Налоги – это наша плата на цивилизованность общества" (Оливер Уэнделл Холмс)

6. Уровень налогов определяется главным образом размером государственных расходов.

7. Облагая высоким налогом заработную плату, правительство может вынудить людей меньше работать, а вводя налог на бензин, - заставить меньше ездить на автомобилях.

7 THE FLAT TAX

Vocabulary list

flat tax	Налог с фиксированной ставкой
evasion (n)	уклонение
tax evasion	уклонение от уплаты налогов
tax avoidance	уклонение от уплаты налогов
to enact	вводить закон; постановлять
gross sales	брутто-продажи
profit (n)	прибыль
excess profit	сверхприбыль
gross profit	брутто-прибыль, валовая прибыль
net profit	чистая прибыль, нетто-прибыль
tax on profits	налог на прибыль
tax rate	налоговая ставка
customs duties	таможенные пошлины
value added tax	налог на добавленную стоимость
Gross Domestic Product (GDP)	валовой внутренний продукт
support (n)	поддержка
support of small business	поддержка малого бизнеса
financial support	финансовая поддержка
legal support	юридическая поддержка

7.1 Read the following text and translate it.

On January 1, 2001, a 13 percent flat tax on personal income took effect in Russia. The old system was complicated, and because of the high rates evasion was widespread. It also produced little revenue. The new flat tax has achieved greater compliance due to its simplicity and low rate. It is producing far more revenue than the former system.

The United States and other developed countries could learn from the experience of Russia and other emerging market economies.

President Vladimir Putin proposed a flat-rate income tax to replace the progressive income tax rate in order to increase government revenues by reducing tax evasion.

Russia also reduced the corporate profit tax rate from 35 % to 24 % (effective January 1, 2002) . It enacted a flat rate small business tax – the lesser of 6 percent of gross sales or 15 percent of profits.

Other tax reforms included reducing the business sales (turnover) tax rate; replacing separate taxes for pensions, social insurance, medical insurance and unemployment with a unified, lower social insurance tax rate; eliminating most small nuisance taxes and tax privileges; and reducing customs duties.

During its first two years Russia's 13 % flat tax exceeded all expectations:

- In 2001 personal income tax revenue were 28 % higher than in 2000 and rose another 20.7 % in 2002.

- During the period January to June 2003, compared with the same period last year, personal income tax revenue increased by 31.6 %.

- After adjusting for anticipated inflation of about 15 % annualized over 2003, real rubles from the personal flat tax increased by 16.6 % year-over-year.

Income tax revenues now exceed excise taxes and taxes on natural resource use. Personal income tax revenue is fast catching up with revenues from the corporate income tax and value added tax. Russia's total tax revenue has grown appreciably since the implementation of the flat tax.

Russia's rate of growth in Gross Domestic Product (GDP) also hit a record of 9.0 % in 2000, after adjusting for an 18 % inflation rate. Although the economy grew at a slower rate in 2001 (5.0 %) and 2002 (4.3%), revenues continued to rise.

Following Russia's adoption of the flat tax, Ukraine's parliament overwhelmingly approved its own 13 % flat tax on personal income (to take effect January 1, 2004) as in Russia, Ukraine reduced its tax rate on company profits from 30 to 25 percent.

In Europe among a growing number of countries that have adopted a flat tax are Estonia (implemented in 1994), Latvia (1995), Russia (2001), Ukraine (2004). Others are expected to follow:

- Belarus intends to harmonize its tax code with that of Russia's.

- The opposition Civil Democratic Party (ODS) in the Czech Republic has drawn up plans to replace the progressive tax system, which has a top rate of 31 %, with a 15 % flat tax on both personal and corporate income.

- Political parties in Poland and Georgia have announced their support for the flat tax and there is interest in Bulgaria and Romania.

- Even China has taken the step of translating The Flat Tax into Chinese for consideration by the Ministry of Finance.

Why so much interest in the flat tax ? A key reason is that it is far more effective at raising revenue than progressive rates. With progressive rates it looks as if extra revenue is being extracted from the wealthy.

With a flat tax, there is much less incentive to engage in tax avoidance or tax evasion. Also, the knowledge that everyone is being treated equally helps eliminate the culture of evasion that often becomes pervasive in high-tax countries.

7.2 Read the text again and answer the following questions:

- 1) Because of the high rates evasion was widespread.
- 2) To replace the income tax in order to increase government revenues by reducing tax avoidance.
- 3) Compared with the same period last year, personal income tax revenue increased by 31.6 %.
- 4) After adjusting for anticipated inflation of about 15% annualized over 2003.
- 5) Following Russia's adoption of the flat tax, Ukraine's parliament overwhelmingly approved its own flat tax.
- 6) It is far more effective at raising revenue than progressive rates.

7.3 Find in the text the answers to the following questions.

1. Why did a 13% flat tax on personal income take effect in Russia?
2. What did President Putin propose?
3. What do other tax reforms include?
4. Was a 13 % flat tax effective? Why?
5. What happened to GDP and the economy in Russia?
6. Which other countries have adopted a flat tax?
7. Why is there so much interest in a flat tax?

7.4 Find the most suitable Russian equivalents to the following English collocations.

The new flat tax has achieved greater compliance; other emerging market economies; to increase government revenues by reducing tax avoidance; to enact a flat rate small business tax; gross sales or profits; to replace separate taxes for pensions; social insurance, medical insurance and unemployment with a unified, lower social insurance tax rate; nuisance taxes and tax privileges; adjusting for anticipated inflation; to exceed excise taxes and taxes on natural resource use; to be one more among a growing number of countries; to be about to enact; to be far more effective at raising revenue; to extract from the wealthy; much less incentive to engage in tax avoidance; to treat equally.

7.5 Find in the text the English equivalents to the following Russian collocation.

Из-за высоких налоговых ставок было широко распространено уклонение от уплаты налогов; чтобы увеличить доходы государства путем уменьшения ухода от налогообложения; уменьшение налоговой ставки на товарооборот компании; устранение большинства ненужных налогов и уменьшение таможенных пошлин; если сравнивать с этим же периодом прошлого года; доход от сбора подоходного налога физического лица почти сравнялся с доходами от налога на доход предприятий и налога на добавленную стоимость; с момента введения фиксированного налога общая сумма налоговых сборов заметно выросла; Белоруссия собирается согласовать свой налоговый кодекс в соответствии с Российским; фиксированная ставка налога является намного эффективнее в деле получения большего дохода, чем прогрессивная.

7.6 The definitions are mixed. Match the word phrases with the proper definition.

- | | |
|----------------------|---|
| 1. capital gain | a) a tax on goods, such as spirits, produced for the home |
| 2. excise tax market | b) the total value of all goods and services produced domestically by a nation during a year |
| 3. evasion | c) to choose (a plan or method) |
| 4. to enact | d) an increase in the capital value of an asset between the time of its acquisition by its owner and its sale by that owner |
| 5. value added tax | e) a tax levied on the difference between the cost |

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- | | |
|---------------------------|---|
| | of materials and the selling price of a commodity or service |
| 6. gross domestic product | f) to establish by law |
| 7. to adopt | g) a personal tax levied on annual income |
| 8. income tax | h) the act of evading something (a duty, responsibility), by cunning or illegal means |
| 9. to take effect | i) to begin to produce results |

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