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THE TAXPAYER AS AN ELEMENT OF CORPORATE INCOME TAX: THE ECONOMIC EFFECTS OF AND OPTIONS FOR FUNDAMENTAL REFORM

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Although a complex taxation system can affect a company's operations, its negative effects can be significantly greater at the macroeconomic level. Given the fact that it can make it more difficult to attract investments and collect revenue, the corporate income tax system has been the subject matter of numerous research studies for many years now. Modern business conditions initiated their frequent reforms, as well as the numerous dilemmas related to them. The paper deals with the taxpayer as an element of corporate income tax. Although numerous papers investigate the (dis)unity of tax systems in defining corporate income taxpayers, few authors examine the economic effects of these discrepancies. Also, most research studies are focused on examining the other elements of this tax form, such as the tax rate or tax incentives. In this paper, an effort is made to find a connection between the form of the organization of a business entity and the tax burden in the domain of corporate income tax. The research study aims to indicate the importance of the economic effects of this tax element and to propose its reform. The research has confirmed the initial assumption, respectively; it has shown that different forms of the organization of business entities bear different burdens of paying corporate income tax, which affects the amount of the tax revenue that could be collected. The results have shown that the sampled companies paid less tax due to corrections and adjustments in tax balances and tax returns.

Keywords: corporate income tax, taxpayer, tax burden, tax revenues, Republic of Serbia

JEL Classification: E62, H20, O23

INTRODUCTION

The theoretical considerations of corporate income tax are increasingly generating polarized views regarding

the importance and necessity of this form of taxation. Those in favor of corporate income tax emphasize its function as a guardian of the progressivity of the entire tax system. Its stabilization and development components were also emphasized, through which it is possible to influence the mitigation of the cyclical fluctuations of the economy. On the other hand, the opponents of corporate income tax who raise the issue

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of the justification for the existence of this tax form indicate that a consensus has not yet been reached in the literature, as well as the generally accepted model of corporate income tax applied in all countries (Zee, Stotsky & Ley, 2002).

Although lacking a high collection capacity, corporate income tax can have strong economic effects (Koester & Kormendi, 1989; Plosser, 1992; Slemrod, 1995; Padovano & Galli, 2001; Widmalm, 2001; Arnold, 2008; Hoang, Tan, My & Nguyen, 2021). Therefore, it can be pointed out that it is an important element of the tax system due to the impact it can have on the economic cycle and the economic decisions made by companies (Delgado, Fernandez-Rodriguez & Martinez-Arias, 2014). Tax on profit can affect relative prices, the tax administration costs paid by taxpayers, investment in research and development, investment in innovation and capital flow (Arsić and Randelović, 2017). However, corporate income tax is accompanied by numerous problems and specificities. The harmonization of the elements of this tax form, tax competition, tax evasion and others are listed as the main problems. Dilemmas and paradoxes are present in all its elements. Accordingly, a large number of authors deal with the problems caused by the continuous reduction of the legal and effective tax rate and the introduction of generous tax incentives. The largest number of research studies are based upon examining the economic effects of the elements, such as the tax rate or tax incentives, whereas a very small number of researchers deal with the taxpayer as the key element of corporate income tax.

Disagreements in approaches to defining corporate income taxpayers within modern tax systems are generated by the various circumstances influenced by a large number of factors. One of the most important is the business investors do on the international market. Considering the mobility of capital, companies do not limit their operations within the borders of one country, but they rather start doing business outside them instead. For this reason, several specifics in the taxation of profits which have been faced by almost all the countries of the world have appeared. In addition to the specifics that were initiated by the expansion of business beyond the borders of one country within the

framework of modern tax systems, there has also been a disagreement regarding the definition of the key tax elements between countries. The seriousness of the problem can be seen in the example of the European Union, where the degree of the harmonization of the corporate income tax elements is particularly questioned. Such circumstances have threatened the trend of fiscal harmonization and called into question the convergence of the key elements of corporate income tax at the global level, as well as the decision on the unique design of this tax form.

The development of national tax legislation has led to the emergence of different treatments of taxpayers. The discrepancies are precisely based on looking at its definition and scope. Bearing in mind the various possibilities of doing business outside the borders of one country, the nonresident of a certain country has become the subject matter of consideration in the domain of countries' laws and regulations. Therefore, the analysis of the definition of the corporate income taxpayer must include a clear demarcation of the terms "resident" and "nonresident". As the development of tax legislation has led to major disagreements between countries, the problems of the modern world that have arisen are not easy to manage, such as double taxation, tax consolidation, group taxation, and tax evasion. (Shaviro, 2004a; Van der Horst, Bettendorf & Rojas-Romagosa, 2007; Randelović, 2011; Tax Foundation, 2018).

In this paper, there are efforts to find a connection between the form of the organization of a business entity and the tax burden in the domain of corporate income tax.

The paper examines whether defining the taxpayer in the domain of corporate income tax can affect the amount of the tax burden. The research aims to indicate the importance of the economic effects of this tax element and to provide a proposal for its reform.

Bearing the foregoing in mind, the following hypotheses are tested in the paper:

H1: The form of the organization of the business entity affects the level of the tax burden.

H2: By changing the form of the organization of a business entity, it is possible to reduce tax revenue.

In this sense, the paper is organized so that, firstly, the cause and consequences of different definitions of the taxpayer are theoretically considered, and then the connection between the form of the organization of the business entity and the tax burden is established. The methodological instrumentation used in the research study is determined by the subject matter of the research itself. The theoretical analysis of the taxpayer represents the starting point in finding the connection between the form of the organization of the business entity and the tax burden. After the theoretical consideration of the taxpayer, the influence of the form of the organization of the business entity on the level of the tax burden and consequently tax revenue is examined in the fourth part of the research study using the relevant empirical method. In the discussion of the results of the research, a proposal is made to reform this tax element, which can increase tax collection, reduce tax evasion and encourage investments. In the last part of the paper, the author's conclusions and recommendations for further research are given.

DISAGREEMENTS IN APPROACHES TO DEFINING THE TAXPAYER: CAUSES AND CONSEQUENCES

Corporate income tax belongs to the category of "real" taxes, i.e. it taxes a profit accordingly. In addition, this form of tax is the basic form of the direct taxation of the legal entities whose goal, in addition to providing tax revenues, is also to achieve its economic function (Romer & Romer, 2010; Stoilova & Patonov, 2012). Although corporate income tax is incorporated in the tax systems of the largest number of countries throughout the world, there are still debates about the justification of its existence. Perhaps the most common argument cited in the literature is that income taxes cannot burden business (Myles, 1995; Rosen, 2012; Atkinson & Stiglitz, 2015).

Every tax liability within a country's tax system is based on the economic power of the taxpayer (the "ability to pay" principle). In accordance with that, the obligation to pay corporate income tax is defined. In relation to this element of corporate income tax, however, a number of dilemmas have emerged that have singled out different approaches to defining it. The determination of the taxpayer, therefore, differs depending on the approach adopted by a particular country.

In addition to the fact that discrepancies are appearing from one country to another, the discrepancies in defining this key tax element are also clearly visible when their development inside individual countries is perceived. In other words, the tax systems of developed countries have been accompanied by frequent reforms in the definition of taxpayers. This can best be seen in the historical presentation of the development of the corporate income tax, in which, in accordance with changes in the law, this tax form has also changed approaches to defining the taxpayer. The discrepancies in the definition of a taxpayer are therefore driven by numerous factors, where, in addition to historical elements, the development of a country, its stability and global orientation have had a great influence.

The disunity of tax laws in the modern world has created dilemmas regarding the definition of this element, with those dilemmas that affect economic activities coming to the fore. Such conflicts have initiated a series of negative reflections in the global market and created a number of the economic difficulties which affected less developed countries more (Murphy, 2004). Explicitly, problems arise at the time of the entry of economic entities to the international market, where the disunity of tax systems comes to the fore. If the basis for the occurrence of the corporate income tax liability is different, certain tax systems may be avoided (Addison, 2009; Brown, Cloke & Christensen, 2011; Palan, Murphy & Chavagneux, 2013), which is so because, paradoxically, the economic entities operating within one country would be in a more favorable position compared to the economic entities involved in the international market in such conditions. Therefore, the unity of tax systems in the

domain of defining the taxpayer should be the starting point for the reform of this tax form (Sokolovska & Belozyorov, 2019).

When studying the conditions under which modern tax systems operate and the circumstances under which they develop, it can be observed that the degree of their fairness or efficiency is seriously endangered (Shaviro, 2004b). Being actual in modern taxation, these problems have limited the fiscal harmonization process and enabled taxpayers to abuse differences in national tax systems (Paientko & Proskyra, 2016). Although measures are being taken to bring the harmonization or compatibility of legislation to a certain level in order to increase the mobility of capita, the laws that regulate corporate income tax still differ throughout the world. The fiscal harmonization process has slowed down, which is confirmed by the European Union's policy (Blechová, 2005; Šimović and Šimović, 2006; Paientko & Proskyra, 2016). A similar situation is present in the OECD member countries, where two forms of income taxation can be found: corporate income tax and personal income tax. Corporate income tax is paid by all the legal entities that make a profit. However, there is no clear list of the companies exempt from paying corporate income tax (Devereux, Griffith & Klemm, 2002; Clausing, 2007; Brill & Hassett, 2007; Loretz, 2008; Dackehag & Hansson, 2012; OECD, 2020).

The tax legislation conflict is largely initiated by a lack of internationally recognized principles in the tax field. Each country independently regulates its national tax system by legal means without taking into account the regulations of other countries and without looking exclusively at its own interests. Thus, more developed countries are interested in a broader coverage of the taxpayer, whereas the countries with fewer capital exports are limited in the application of this approach due to their weaker administrative capacity. If, on the other hand, there were no big differences between the tax elements, the benefits of this form of taxation would be great even in developing countries.

Bearing in mind the fact that countries with higher national income deviate to a greater extent from the

harmonization of tax systems, which is conditioned by tax competition, the position of the countries with lower and lower average national income is further threatened. In addition to the less revenue collected from corporate income tax, the interest of foreign and domestic investors in investing in them has also significantly decreased (Orviska & Hudson, 2003; Lang, 2013).

In addition to the fact that it is very difficult to harmonize the elements of corporate income tax, it now seems impossible in perspective. In this way, it is impossible to act upon the international disturbances that are a characteristic of the modern market. The problems with the public debt and the big energy crisis that the Republic of Serbia is currently facing are making this process even more difficult.

Given the fact that a small number of authors provide an overview of all tax elements and mainly focus on the tax rate and tax incentives, it is necessary to carry out a detailed analysis of the other tax elements of corporate income tax. Therefore, the effects of defining the form of the business entity are investigated in the continuation of the paper, in which way the analysis of the other factors that can affect income from corporate income tax and economic development is made.

DECISIVE DETERMINANTS OF THE DEFINITION OF THE TAXPAYER

In the past, the taxation of legal entities was the subject matter of controversy among public finance theorists (Antić, 2019). The basic dilemma regarding the taxation of legal entities relates to their ability to pay. On the one hand, there were the claims that legal entities did not have the economic capacity, while some authors considered that legal entities had their own income that should be subjected to taxation.

The conformity of the definition of the taxpayer in different countries is determined by the elements that affect it. It is considered that there are several decisive determinants in modern tax systems on the basis of which the corporate income taxpayer is defined, namely:

- the organizational form of the company,
- the spreading of the tax liability, and
- the “source principle”.

Accordingly, each of these elements is discussed in more detail along with the dilemmas that tax policymakers may have about it.

The organizational form of the company as a decisive fact in determining the taxpayer

The dilemmas that appear in this section relate to the groups on the basis of which it is possible to classify economic entities. Bearing in mind the fact that corporate taxpayers can be different forms of company organization, two dominant approaches in modern tax systems have emerged.

The basis for distinguishing between these approaches lies on the definition of a company which includes other differences depending on the breadth and scope of legal entities. According to the first approach, corporate income taxpayers are only capital companies, and this approach is one of the most common approaches. Bearing in mind the fact that only a capital company is considered to be a taxpayer, corporate income tax is also known as corporate income tax. Under this approach, companies are not considered corporate taxpayers, which undoubtedly exempts companies from paying income tax and a decisive distinction is made between them and capital companies.

The second approach implies that corporate income tax is levied on both corporate and capital companies, in which way a larger number of taxpayers, i.e. a larger number of the legal entities obliged to pay corporate income tax, are included. With the company of persons, there is an unlimited responsibility for the obligations on the company’s part, which respects the personal element (Đurović Todorović, Đorđević and Ristić, 2019).

The similarities present in the field of defining taxpayers in tax legislation are related to the perception of the company, where it does not matter whether it is

a company of the state or private ownership structure or a company of different activities and sizes. If it is determined that the taxpayer who carries out the business activity should pay tax based on a certain criterion in a certain country, his performance is not taken into account.

(Non)residency as the basis for introducing the obligation to pay taxes

Defining taxpayers related to the spread of tax liability puts the act of residency in an important place among the definition criteria. Namely, the determination of residency and the sources of income serve as important elements in defining the liability in the field of corporate income tax.

When residency is concerned, the corporate income tax payer is a resident who conducts the business activity in one country, as well as a nonresident who makes a profit in the country where he has the status of a nonresident. Therefore, his tax liability is unlimited, in which way the residents of one country have to pay taxes according to the national legislation on the profit they have made on the international market.

The taxpayer is defined in this way mostly in developed countries. Therefore, the application of this criterion is observed in some OECD member countries. In these cases, it is necessary that the tax system should be supported by the well-equipped administration and efficient work of tax authorities. There are three systems based on which it is possible to determine residency, namely:

- the place of incorporation,
- the place of the management of the company, and
- the combined method.

It is very often the case in practice that the place of incorporation is taken as the basis for determining residency. Namely, this system is applied in Italy, Switzerland, Brazil, and Japan. If another system is taken as the basis for determining residency, then the place from which the company is managed is

considered, which can be seen in Great Britain, Argentina, and Belgium. The combined method is used in Germany, France, the Netherlands, and Serbia. In other words, the resident is the legal entity either established or managed by that legal entity in that country.

When countries tend to tax the residents' profits made outside the national borders, there is no conflict of law. However, a conflict arises if the country in which the profit is made tends to be cautious. The problems that may arise if different criteria for determining the taxpayer are applied in countries are as follows:

- If the unlimited tax liability, i.e. residency, is used in one country as a criterion for determining the taxpayer, while the territorial approach, i.e. the source, is used in another as a criterion, a conflict of tax legislation arises. In other words, the person who has made a profit on the international market will be a taxpayer both in the country which he is a resident in and in the country where he has made a positive business result.
- If the unlimited tax liability, i.e. residency, is used in one country as a criterion for determining the taxpayer, while residency is also used as a criterion in another, a conflict of tax laws arises again. Conflicts of legislation are thought to arise due to the different treatment of residency in different countries.
- When the source, i.e. the limited tax liability, is used as the basis for determining the taxpayer in both countries where the same business entity operates, there is also a conflict of legislation. Such an example can be seen from the perspective of a bank and a company which is a resident of one country but took a loan from the bank for its business unit located in another country. In that case, the key question is how to approach the taxation of interest.

Therefore, the countries that tend to tax the profits of residents that have been made outside the national borders must be aware of the problems that may arise. If it happens that the country has a tendency to tax

the realized profit, dilemmas arise regarding double taxation.

The source of income as a potential determinant for defining taxpayers

The taxation of income within economically originated country defined as the "source principle" (Gökçay, 2017). The source is a part of the taxation concept linked to the spread of the tax liability. The difference between residency and the source of income is only in the fact that the source is based on the territorial principle of spreading the obligation and is a limited tax liability accordingly. On the other hand, with the residency criterion, the obligation is unlimited. In other words, every resident will be taxed, whether he makes a profit within the borders of one country or outside them (worldwide income), in which the tax system operates outside the borders of one country.

The source of income is the territory in which a profit is made and is defined by the taxpayer. This fact is very rarely used to determine the taxpayer and its use in Latin American countries is well known. In addition, a large number of criticisms have been leveled at this criterion in determining corporate income taxpayers, bearing in mind the fact that it is not objective to look only at the profits made in the country where the taxpayer is a resident. In this way, there will be a great incentive for investors to do business outside the borders of their country. Also, due to the difficulties in determining the place where income originates from, double taxation can occur (Green, 1993; Akkaya, 2011; Oktar, 2017).

Therefore, most countries opt for combining the previous two elements, namely residency and the source, in which way the profit of residents realized outside the borders of the country is included, on the one hand, whereas the profit of nonresidents realized in the national field is taxed, too, on the other.

THE IMPLICATIONS OF THE ORGANIZATIONAL FORM OF A BUSINESS ENTITY FOR THE TAX BURDEN

In order to analyze the reflections a taxpayer, as an element of corporate income tax, can have on the tax burden, one of its determinants was analyzed. As certain elements influence the definition of the taxpayer, this paper investigates the influence of the organizational form of a business entity on the level of the tax burden. Figure 1 shows the methodological approach in researching the impact of the organizational form of a business entity on the level of the tax burden, and consequently on the level of tax revenue.

The tax burden is figured based on the actual paid corporate income tax calculated using the effective tax rate. Due to the transparency of the data, the market of the Republic of Serbia and the companies operating inside the country were analyzed. By building a tax system striving for greater transparency and comparability with the tax systems of other countries in the world, a whole range of possibilities was given to taxpayers in the Republic of Serbia under which they could organize their business. To investigate

whether the form of the organization of a business entity can have implications for the tax burden, and thus for revenues generated from corporate income tax, a group of companies operating in the Republic of Serbia were analyzed. As many as 100 companies from the list of the most successful companies according to the net profit in 2018 were analyzed, all according to the Report on the Top 100 Companies in 2018 (Agencija za privredne registre, 2019). The sample based on the publication of the Business Registers Agency of the Republic of Serbia, while detailed data on the tax liability were obtained based on the request sent to the Tax Administration of the Republic of Serbia requesting access to the sampled data. The analyzed period includes the period from 2016 to 2018.

The sampled companies include the companies that operate as capital companies, that is:

- a stock company,
- a joint-stock insurance company,
- a limited liability company,
- public companies, and
- a permanent business unit of a nonresident legal entity.

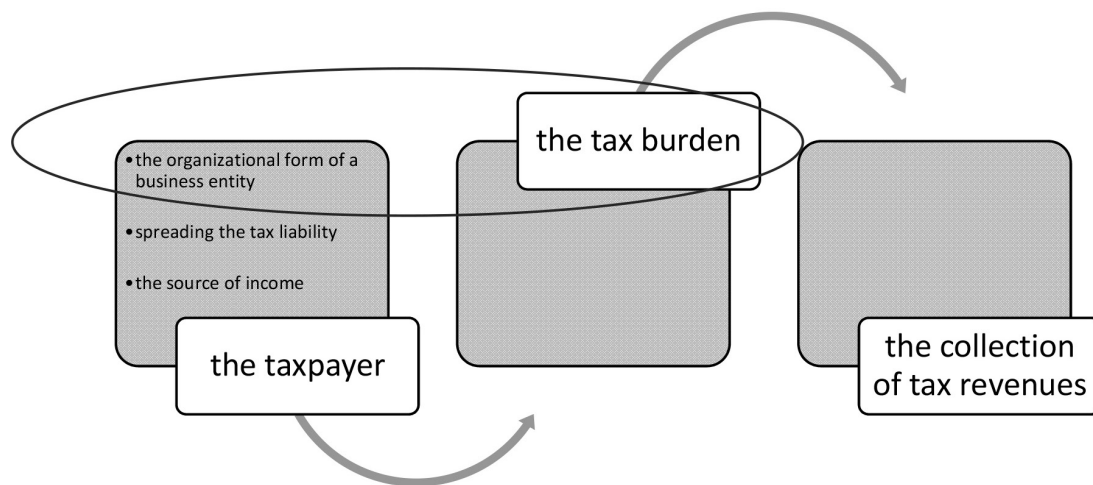


Figure 1 The taxpayer as an element of corporate income tax in the role of determining the amount of the tax burden and the collection of tax revenues

The two-way between-groups analysis of variance (ANOVA) was used for the analysis in order to analyze the differences in the average values of the different groups that could be a result of the influence of the two independent factors (the two independent variables). The two-factor analysis of variance is used when it is necessary to examine the differences in the average values of one dependent variable between the groups defined by division by two criteria, i.e. between the groups defined by the different levels of the two independent factors (the two independent variables). Compared to the application of the t-test that also tests the independent samples, a great advantage of this method is emphasized in the literature (Gravetter & Wallnau, 2007). Unlike the t-test method used to compare two averages and the one-way analysis of variance, the two-factor ANOVA is used to compare more than two averages, where the difference is by default considered as significant if the significance of the test is $p < 0.05$. The main advantage of the method is that it is based on the possibility of examining the influence of each independent variable.

Two-factor analysis allows two null hypotheses to be tested simultaneously. It is possible to examine the influence of the interaction of independent variables on the dependent variable using this method. Therefore, the examination of the basic influence of the independent variable, i.e. the form of the organization of a business entity, as well as a possible influence of the interaction of all the components of the independent variable (a joint-stock company, a joint-stock insurance company, a limited liability company, public companies, a permanent business unit of a nonresident legal entity) on the dependent variable.

The effective rate of the company is determined based on the data retrieved from tax balances and tax returns for the advance - final determination of corporate income tax and is a very significant indicator of the efficiency of the tax system, indicating how much each of the companies in the sample paid corporate income tax. Also, this rate is a more relevant indicator than the legal corporate income tax rate

because it gives a more realistic picture of the tax paid. The effective tax rate can be calculated applying the following formula:

$$\tau = \frac{cit}{NI}$$

where τ is the effective tax rate, *cit* represents the current corporate income tax, and *NI* is the taxable profit.

The calculation procedure starts from the profit of the business year, which is transferred from the Income Statement of the sampled companies to their tax balance sheets (Form PB 1). Given the fact that in accordance with the corrections allowable by the current Law in the Republic of Serbia there are certain adjustments to this result, no realistic picture of the paid corporate income tax can be obtained just by simply applying the legal rate prescribed in our country. For this reason, an insight into the tax balances and tax returns of the sampled companies is needed in order to determine the amount of the tax actually paid that is visible there.

The amount of the tax that the taxpayer should submit is obtained by applying the standard rate of corporate income tax (15%) to the tax base, which is stated under the serial number 69 in the position Tax Base - Taxable Profit in the Tax Balance. The "Tax Base - Taxable Profit is reported under the serial number 69 of Form PB 1 and is determined by calculation as the sum of the remaining profit and the remaining capital gain" (Agencija za privredne registre, 2020). In other words, if the taxpayer has not made a profit or is operating at a loss, it does not necessarily mean that he will not have a profit for taxation. In that case, capital gains can be the tax base for paying corporate income tax. Also, a reduction in the calculated tax is made within the framework of the tax return in which this tax base is additionally corrected.

In order to determine the effective rate, the next step in the calculation is to determine the tax paid from the tax return and compare it with the taxable profit. By comparing this position with the received amount of tax, the effective tax rate of corporate income tax is obtained.

In addition to the evaluation of the effect of each independent variable individually, the two-factor ANOVA allows for the evaluation of the other differences that may arise in the relationship between the independent variables. These differences are expressed by interaction, the impact of which is present “when the influence of one independent variable on the dependent variable changes depending on the value of the other independent variable”.

Before applying the two-factor ANOVA in order to see the key descriptive values, the descriptive measures of the analyzed companies are given in Table 1. The descriptive statistics are presented for the paid corporate income tax advances. The advance payments of corporate income tax are calculated by applying the effective tax rate to the tax liability of the business entity and represent the tax burden it has submitted in a certain year.

The descriptive statistics provide the basic indicators that determine which forms of organization are similar/different according to the level of the tax burden. The tax burden is observed in the period from 2016 to 2018. The lowest tax burden was that by the joint-stock companies, the limited liability companies, and the public companies. The public companies (2016) and the joint-stock companies (2017 and 2018) had the biggest tax burden. In the last year of the observed period, the total average value of the tax burden submitted in the Republic of Serbia by the analyzed groups of companies was 380,508,354 dinars.

Given the fact that it has been determined that there are differences in the tax burden between the forms of the organization of the business entities, the further analysis of their differences follows. In order to evaluate the interaction, it is necessary to first identify the mean differences, which are not explained by

Table 1 The descriptive statistics of the tax burden according to the form of the organization of the business entity

The form of organization		N	Mean	Standard deviation	Minimum	Maximum
Stock company	2016	36	280.798.578	443297672.954	0	1.951.174.639
	2017	36	391.335.291	694186136.191	0	3.785.946.633
	2018	36	684.787.620	1674033339.776	0	9.433.469.275
	Σ	108	452.307.163	1080698531.487	0	9.433.469.275
Joint-stock insurance company	2016	1	43.329.862		43329862	43.329.862
	2017	1	75.826.029		75826029	75.826.029
	2018	1	98.236.809		9823609	98.236.809
	Σ	3	72.464.233	27607416.753	43329862	98.236.809
Limited liability company	2016	55	123.423.861	266412169.555	0	1.698.559.638
	2017	55	144.383.483	286878956.114	0	1.885.721.328
	2018	55	139.045.187	166953833.657	0	727.638.212
	Σ	165	135.617.511	244389140.824	0	1.885.721.328
Public company	2016	7	1.504.088.653	2665850841.618	0	7.459.799.187
	2017	7	815.221.989	991690227.776	0	2.869.549.533
	2018	7	729.934.542	1027395001.603	0	2.981.730.104
	Σ	21	1.016.415.061	1694065098.277	0	7.459.799.187
Permanent business unit of a non-resident legal entity	2016	1	267.820.877		267820877	267.820.877
	2017	1	336.485.385		336485385	336.485.385
	2018	1	543.217.147		543217147	543.217.147
	Σ	3	382.507.803	143350352.638	267820877	543.217.147
Total	2016	100	277.368.325	811805660.782	0	7.459.799.187
	2017	100	281.480.274	557038190.954	0	3.785.946.633
	2018	100	380.508.354	1070366037.304	0	9.433.469.275
	Σ	300	313.118.984	838192401.609	0	9.433.469.275

Source: Authors

the main effects, by means of the two-factor ANOVA analysis. After that, additional mean differences are estimated via the following equation:

$$\text{Additional mean differences} = \frac{\text{variance (mean difference) that is not explained by the main effects}}{\text{variance (mean difference) expected if there are no effects}}$$

Based on the above equation, one of the following results can be obtained:

- there is no interaction between the analyzed variables. All mean differences in the tax burden are explained by the main factor.
- There is an interaction between the analyzed variables. The mean differences between the forms of the organization of the tax subject are not something that can be predicted. In other words, the influence of one independent variable on the dependent variable changes depending on the value of the other independent variable (Gravetter & Wallnau, 2014, 414).

A part of the results obtained by applying the two-factor ANOVA analysis is shown in Table 2.

Table 2 shows the result of the interaction effect, as well as the results of the separate effects of the independent variables. The influence of the interaction, i.e. the change in the influence of the form of the organization of the economic entity during different years on the tax burden is not significant

given the fact that the significance of the influence of the interaction is greater than 0.05 (Form of organization*Year: Sig. = 0.466). It is concluded that there is no significant interaction between the form of organization and the year.

Apart from the influence of the interaction, separate influences can also be easily interpreted, i.e. the influence of each independent variable. The results also indicate that there is a significant difference in the tax burdens for different forms of organization (Form of organization: Sig. = 0.000). Between different years, there are no significant differences in the tax burden (Year: sig. = 0.955). Therefore, there is a separate significant influence of the form of organization, but not the year, on the tax burden. This means that there are no differences in the tax burden of the analyzed companies in the observed years, but that there is a difference in the tax burden when different forms of business organization are perceived.

In order to determine which forms of the organization of the business entities are concretely different, additional tests were conducted. The basis for conducting the additional tests yielded a separate effect that was statistically significant. The post-hoc tests compare the means separately across all pairs of groups. The results indicate whether there are differences in these means. Therefore, the results of the Tukey test (Tukey HSD) are accounted for in Table 3. This test represents the "Honestly Significant Difference" (HSD)" test, which is most often used in research practice.

Table 2 The ANOVA test results: the effects of the interaction between the variables

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected model	23583038094105640000.000	14	1684502721007550000.000	2.574	.002
Intercept	5812407547092150000.000	1	5812407547092150000.000	8.883	.003
Year	60201808475601200.000	2	30100904237800600.000	.046	.955
Form of organization	17866260641932900000.000	4	4466565160483240000.000	6.826	.000
Year*Form of organization	5034732976121920000.000	8	629341622015240000.000	.962	.466
Error	186484346038465000000.000	285	654331038731458000.000		
Total	239480433700176000000.000	300	1684502721007550000.000		
Corrected total	210067384132571000000.000	299			

Note: * R Squared = .112 (Adjusted R Squared = .069); Dependent variable: Tax burden

Source: Authors

Table 3 The Tukey test results

Test: Tukey HSD

The form of organization		Mean Difference (I-J)	Std. Error	Sig.
Joint-stock company	Joint-stock insurance company	379842930.31	473464852.944	0.930
	Limited liability company	316689652.60	100121243.440	0.015
	Public company	-564107898.08	192917706.862	0.030
	Permanent business unit of a non-resident legal entity	69799360.64	473464852.944	1.000
Joint-stock insurance company	Joint-stock company	-379842930.31	473464852.944	0.930
	Limited liability company	-63153277.71	471249391.408	1.0000
	Public company	-943950828.38	499268431.944	0.325
	Permanent business unit of a non-resident legal entity	-310043569.67	660470054.194	0.990
Limited liability company	Joint-stock company	-316689652.60	100121243.440	0.015
	Joint-stock insurance company	63153277.71	471249391.408	1.000
	Public company	-880797550.67	187414683.392	0.000
	Permanent business unit of a non-resident legal entity	-246890291.96	471249391.408	0.985
Public company	Joint-stock company	564107898.08	192917706.862	0.030
	Limited liability company	943950828.38	499268431.944	0.325
	Joint-stock insurance company	880797550.67	187414683.392	0.000
	Permanent business unit of a non-resident legal entity	633907258.71	499268431.944	0.710
Permanent business unit of a nonresident legal entity	Joint-stock company	-69799360.64	473464852.944	1.000
	Limited liability company	310043569.67	660470054.194	0.990
	Joint-stock insurance company	246890291.96	471249391.408	0.985
	Public company	-633907258.71	499268431.944	0.710

Note: *at a significance level of 0,05; Square (Error) = 654331038731457920.000; Dependent variable: Tax burden

Source: Authors

The results of the Tukey test show that the tax liability of the joint-stock company differs from the tax burden of the limited liability company (Sig. = 0.015) and the public companies (Sig. = 0.030). Also, the results of the analysis have shown that the tax burden of the joint-stock insurance company does not differ from the tax burden of the other analyzed organizational forms. The tax burden of the limited liability company differs from the tax burden of the joint-stock company (Sig. = 0.015) and the public company (Sig. = 0.000). The tax burden of the public company differs from the tax burden of the joint-stock company (Sig. = 0.030) and the limited liability company (Sig. = 0.000). The tax burden of the organizational form of the permanent establishment of the nonresident legal entities does not differ from the other analyzed forms of the organization of the company.

Bearing in mind the fact that the form of the organization of a business entity can affect the amount of the tax liability, it can be concluded that the

companies can manage the amount of the tax burden by choosing the form of organization. In this way, the first research hypothesis was confirmed. Taking into account the fact that the level of the tax burden affects the level of the collected revenues from corporate income tax, it can be concluded that tax revenue can be reduced by changing the form of the organization of a business entity. In this way, the second research hypothesis was confirmed.

The potential economic effects of this tax form on the tax burden and tax revenue are of great importance and it is necessary to approach an appropriate reform. Microeconomic effects represent the effects that a taxpayer can have on the tax burden, whereas macroeconomic effects are reflected on tax revenue, which explicitly affects tax evasion, the stimulation of economic activities and economic development. Therefore, with this key element of corporate income tax, it is necessary to take a closer look at all the organizational forms enabled by the current Law in

order to achieve greater efficiency in the collection of this tax form.

The reform of the corporate income tax and its elements, as well as the prescription of special rules when defining the taxpayer, is not only significant at the national level. By harmonizing with international practice, the Republic of Serbia would be on the way to solve the other dilemmas related to corporate income tax, such as double taxation, tax consolidation, and group taxation. At the international level, the importance of the corporate income tax reform intended to achieve unity in defining the taxpayer would enable attracting investments. Also, numerous problems and specifics in profit taxation would be solved and the problem of tax competition would be significantly reduced. The reform would explicitly increase economic activities, as well as the cooperation of the tax authorities at the international level, in which way it would also act in the field of illegal tax evasion.

In the author's opinion, the reform should be implemented in such a way that, along with appropriate tax principles, taxpayers and the method of their inclusion are precisely defined. The reengineering of the elements that affect the definition of the taxpayer is also proposed. Based on the link established between the organizational form of the business entity and the tax burden, it can be concluded that there is a degree of the management of the tax burden by the taxpayer, which can significantly reduce the collection of tax revenues. It is also suggested that the work done by the tax authorities should be considered in order to reduce the management of the tax burden. It is necessary to precisely analyze the existing legal regulations related to keeping the register of taxpayers. It is necessary to improve the way of keeping the register and start an initiative to change the laws governing the registration of business entities. By acting in this direction, the tax policy creators could influence an increase in tax revenues, approach international practice through the harmonization process, attract investments and reduce tax evasion as well.

CONCLUSION

The research results show that the definition of the taxpayer is determined by the elements that definition is influenced by. The theoretical analysis found that the differences in these elements between countries allow taxpayers to abuse respective national tax systems, in which way certain tax systems are avoided and the fiscal harmonization process is slowed down.

The established research hypotheses examining the influence of the organizational form of the business entity on the tax burden and tax income are confirmed. The research results show that there is a connection between the taxpayer and the tax burden in the area of corporate income tax. The results indicate that there is a significant difference in tax burdens for different forms of organization (Sig. = 0.000). Therefore, a conclusion can be drawn that taxpayers can manage the level of the tax burden depending on the form of organization. By changing the form of the organization of the business entity, tax revenue can be reduced, which leads to the economic effects that adversely affect the economic development of the country.

Due to the limited transparency of the data, the paper analyzed the tax burden and the form of the organization of the first 100 companies on the list of the most successful by the net profit in the Republic of Serbia in 2018. Accordingly, the authors give recommendations for the further studies of the analyzed determinants on the examples of the other countries. The questions of the influence of the other elements of the definition of the taxpayer on the tax burden and tax income are open.

The analysis presented in the paper indicates the need for harmonization with international practice as an important basis for a positive business environment in the Republic of Serbia. Also, the analysis emphasizes the importance of implementing the taxpayer reform as an element of corporate income tax. The potential reform proposal should be aimed at defining the taxpayer and amending the laws regulating the registration of taxpayers. A relatively small number of papers in the professional literature

dealing with the corporate income tax element such as the taxpayer is a kind of limitation in conducting the research. The limitation of the conducted research is the insufficient transparency of the balance sheets of a sufficient number of companies, which on their part are necessary for the implementation of an appropriate empirical analysis. Also, a lack of data from the tax balances makes it impossible to examine the relationship between the income from corporate income tax and the other determinants of the taxpayer, which would provide a clearer picture of the relationship between these variables and their impact on income. Therefore, the results of the empirical research can be considered statistically significant, and the analysis is the basis for further research in this area. Finally, the authors believe that a more complete empirical investigation could provide a clearer picture of this element, which would certainly contribute to promoting the importance of this tax form.

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