



Research Article

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Self-Employment in the Russian Federation: Analysis of the Current Trends in the Activity of the Students Self-Employment

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Abstract

The independent employment phenomenon becomes more widespread every day in Russian Federation; the ambiguity of its consequences in political, economic and social spheres of public life defines the need to study it scientifically, as well as to seek ways of bringing this category of students [1]. Room study results of the current phenomenon demonstrated the low pace of business legalizing in the pilot regions. Slow coming out of the shadow is due to the low expectations the students have for the new bill introduction. The analysis was carried out on the data of standard and legal base regulating this sphere of the legal relationship as well as by means of the secondary analysis of the self-employed who participated in the poll in 2018. The developing situation, according to authors, demands the implementation of educational actions; such actions have to rely on results of the sociological researches of self-employment conducted according to the recommendations developed by authors.

Keywords: *Self-Employment, Informal Employment, Hidden Activity, an Informal Activity, Illegal Activity, students*

1. Introduction

For the last decade scales of independent employment in Russia increased considerably. The increase had an ambiguous consequence for able-bodied citizens, businessmen, society in general. Certain damage because of the short-reception of taxes which part could be aimed at the development of the social sphere is caused to the state, and from these positions, self-employment has an adverse effect on the living standards of all students. Self-employed students pose a certain

threat for officially registered business as they are an example of unfair competition - in the structure of prime cost of such products there are no taxes and expenses connected with the implementation of legal requirements. At the same time, it is impossible to miss a number of positive functions that are performed by independent employment in the modern market economy. It is a peculiar field of labor for satisfying requirements of dynamically developing branches, it contains rise in unemployment in a situation of irregular payment of the salary (or its regular delays), limiting number of applicants for receiving doles; at last, it promotes fuller satisfaction of consumer demand of the population and more effective functioning of real sector (Andreyev, 2018; Belyak, 2019). In these conditions when the ambiguous situation demands the right choice of the development direction, the scientific analysis and assessment of steps taken for the matter are crucial for the purpose of developing complex recommendations on making the self-employment filed of work more effective.

2. Methods

Research results on students' independent employment conditions in Russia in 2018-2019 from the point of view of its legal registration as well as expectations from the reform of self-employed businessmen introduced since 2019 are presented in an article (Keat et al., 2013; Mishina, 2019; Nikiforova & Prygunova, 2017; OECD, 2015). The current laws and bills regulating the considered sphere of the legal relationship, and the secondary analysis of these researches 2018 - 2019 made by Radio Svoboda journalists and holders of service for job search and staff recruitment of Rabota.ru formed an empirical base for research. The author's recommendations developed following the results of carrying out the room analysis of the phenomenon of students' independent employment are stated by means of sociological science.

3. Results and Discussion

Falling indicators of the Russian GDP in 2015-2016 caused a new aggravation of students' independent employment questions. During 2018 many initiatives were offered both by public power authorities, and by representatives of the Russian business; based on them the new bill of self-employed activity in the territory of the Russian Federation – “About carrying out an experiment on establishment of special tax regime “A tax on professional income” in the federal city of Moscow, in the Moscow and Kaluga regions as well as in the Republic of Tatarstan” was created and approved (No. 422-FZ as of 27.11.2018). Since January 1, 2019, self-employed are obliged to pay a tax of 4% if rendering services to natural persons, and 6% if they cooperate with legal persons and SP. Additional insurance premiums are not provided. To be legalized, it is enough to be registered by means of the My Tax mobile application. The tax is calculated automatically, without the participation of self-employed and is paid monthly following the results of the last month no later than the 25th following the previous tax period.

According to the Federal Compulsory Health Insurance Fund (FCHIF), in Russia, there are 15 million self-employed. Rosstat estimated the number of people occupied in the informal sector of the Russian economy at the same figure following the results of the III quarter 2018. The greatest number of such people is observed in the Moscow region – 467 000 people; the share of four regions participating in the experiment made about 1,2 million occupied in the informal sector (Pinchuk, 2019; Rasooli & Abedini, 2017). Nevertheless, the official statistics for 2019 on self-employed students in pilot regions in general and on each of them separately is still absent on the FTS website (Prygunova Nikiforova, 2018). In the middle of March 2019, the head of FTS Mikhail Mishustin announced that the number of registered self-employed students exceeded 10 thousand (Romanova, 2019).

In due time, the announcement and adoption of the new bill caused a considerable public response, first of all – discontent of self-employed students. An interview series with self-employed students, held by journalists of Radio Svoboda in 2018 – in anticipation of the new bill introduction, only revealed determination on concealing the business of the unregistered productions. For some students income from independent employment is a necessary part of minimum satisfactory

financial self-sufficiency, and taxation will threaten the stability of the financial position of this category of citizens. Other students are afraid of legalization in view of the basic inconsistency of the "small" business conditions with functioning standards of "big" productions in the same sphere. The existence of similar standards and unambiguity of their formulations, according to self-employed, will become the basis for not passing any checking procedures held by the state. Besides, a number of informants, estimating the new bill from the point of view of personal benefit, find old – patent – a system more attractive as the cost of the patent included the size of insurance assignments. In turn, the new tax regime for students registered since 2019, from their point of view, serves only for the replenishment of the state budget, and in this regard, actions taken by authorities for their removal from shadow will have coercion character [14, 17-21]. (Slonimczyk, 2011; Habibzadeh, 2016; Amiri Bourkhani & Yousefzadeh, 2016; García-Santillán, 2019; de Almeida Cruz & de Azevedo Silva, 2017).

News about the pilot projects of introducing a special tax regime in Moscow, the Moscow and Kaluga regions as well as in the Republic of Tatarstan was also apprehended half-heartedly by self-employed citizens of these regions. Poll results on the website Rabota.ru in which in 2018 8 500 Moscow, Kaluga, and Tatarstan businessmen took part to demonstrate the same. Half of all respondents (50%) do not approve the adoption of the present bill, the share (20%) following in size did not manage to study its contents. 8% of the interviewed self-employed businessmen treat the introduced innovations neutrally or express readiness to support it after a number of basic amendments. Only 6% of respondents approve the introduction of a tax; 13% are going to pay it, having registered as self-employed. Most of the Moscow, Kaluga, and Tatarstan businessmen (33%), in case of the introduction of the bill by force, will not change their way of life, a quarter more (26%) – will try not to get under its action. The tenth part (12%) of respondents will stop the business activity, and 6%, on the contrary, will be registered in the form of SP.

It is important to note that a considerable part of the claims which are put forward by students, the self-employed, is connected to the introduction of the new tax regime in 2018, which does not include the accounting of reasons for independent employment. According to them, independent employment is a way to survive which, besides, is engaged in business activity unsystematically and receive no large income. In this regard, students suggest not to tax those, whose income does not exceed 20-24 thousand annuals. Meanwhile, the vast majority of them (37%) earn about 10 thousand rubles a month, 22% earn 10-20 thousand rubles, 15% - 20-30 and more than 40 thousand rubles, 11% - 30-40 thousand rubles (The poll on news, 2018).

4. Summary

The set of negative factors became the driver for the initiation of the bill on activity self-employed: deterioration in the forecast of the Russian Federation economic development, the volatility of ruble and a decrease in GDP growth. It should be noted that even the sharp criticism of the bill by the population did not interfere with its implementation - starting January 1, 2019, the specific mode of taxation is introduced for self-employed students. The experiment is held in the territory of 4 regions (Moscow, Moscow area, the Kaluga region, and Tatarstan) specified in the federal law; on other territorial of the Russian Federation, an experiment on self-employed is not held. However, since 2020, regions of the Russian Federation will be able to enter the pilot project voluntarily if results for 2019 on four subject regions from the list are positive. At present, the official statistics on self-employed students in pilot regions in general and on each of them separately on the website of FTS for 2019 is absent (Prygunova & Nikiforova, 2018). In the middle of March 2019, the head of FTS Mikhail Mishustin announced that the number of registered self-employed students exceeded 10 thousand people.

The approximate number self-employed in 2019 in regions of an experiment can be calculated by the assessment of FCMIF. About 17% of the students of the country live in Moscow, the Moscow, and Kaluga regions and in Tatarstan. If to assume that the number of self-employed does not change from the region to the region, then it will turn out that the experiment has to affect 400 thousand students (Romanova, 2019).

Therefore, from our point of view, the urgent need in carrying out serious work ripened; all

authorities (not only federal, but also regional and local) have to create an effective system of informing and controlling the support of small and medium students business which could use "self-employed" having received this status on a legal basis.

5. Conclusions

Despite active study of the matter by public authorities of our country which important stage was the start of the pilot project of introducing a special tax regime for self-employed since January 1, 2019 in Moscow, the Moscow and Kaluga regions and also in the Republic of Tatarstan legalization of the enterprises of the shadow sector is slow, blocked by disapproval of the bill by self-employed students of the chosen regions. This signifies the need for close cooperation with the population, including informing and education on problems of business connected with the illegalized activity of self-employed students.

The organization of similar work, in turn, demands deeply scientific study of this phenomenon; substantially relevant offers on carrying out sociological researches are submitted:

1. Monitoring the behavior self-employed on Internet platforms for the search of work offers from customers and performers (Avito.ru and YouDo.com) and 2 social networks (Vkontakte and Instagram) for the purpose of developing separate regulations of works for self-employed (for example, confectioners) for their further integration into the My Tax mobile application.
2. Updating the program of polls among the independently employed people. The main objectives of self-employed businessmen polls of the region:
 - determination of the level of their knowledge of self-employment phenomenon, about the related problems of the modern Russian economy and about attempts of bringing the self-employed of the shadow;
 - identification of respondent ideas of the nature of their own activity and also estimates of its correctness/abnormality in relation to norms of the state and the rights of the taxpayers;
 - identification of respondent ideas of the need to pay taxes for each Russian and for them personally;
 - definition of the reasons of conducting the business activity, most significant for respondents, in the form of self-employment (informally, without license and rising for tax accounting) as well as measuring the degree of their readiness to register their enterprise in one of forms of small and medium business and definition of necessary conditions for this transition.

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