



TRANSFORMATION OF THE LEGAL REGULATION OF TAX RELATIONS IN THE DIGITAL ECONOMY CONTEXT**

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Article info

Received –

2021 March 21

Accepted –

2021 June 20

Available online –

2021 September 20

Keywords

Tax law, digital transformation,
taxation of the digital economy,
OECD, BEPS Action Plan,
European Union, digital
services tax, tax administration

The subject. The modern world is constantly changing, which makes it necessary to update the means and methods of legal regulation of public relations. Moreover, these relations themselves are changing, new areas of public relations are emerging, for which it is necessary to create a legal framework. The sphere of financial and legal regulation is no exception.

The most important issue, which has been on the agenda of the international community for several years, is the development of the digital economy. The legal realities of digitalization largely determine what place the Russian economy will occupy in the emerging global digital market. It is necessary to develop a comprehensive legal concept that allows ensuring compliance with the fiscal interests of the state in the context of digital transformation. In this regard, the transformation of tax relations and their legal regulation is particularly important.

Purpose of the study. The article is devoted to the transformation of the legal regulation of tax relations in the digital economy. In order for Russian financial and legal regulation to contribute to an effective response to the challenges posed by digitalization, it is necessary to develop a comprehensive legal concept that allows ensuring compliance with the fiscal interests of the state in the context of digital transformation. In this regard, the transformation of tax relations and their legal regulation is of particular importance.

Methodology. The research was carried out with the application of the formally legal interpretation of legal acts as well as the comparative analysis of Russian and European legal literature. Structural and systemic methods are also the basis of the research.

The main results. The necessity to develop legal solutions in the field of taxation of the digital economy is determined by the focus on legal support for the stability of financial and legal regulation and the principle of certainty of taxation. In these circumstances, it is important to implement the control function of financial law. The need to ensure compliance with the fiscal interests of the state, both at present and in the long term, requires the transformation of essential approaches to the legal regulation of the system of taxes and fees, the principles and elements of taxation, tax administration and tax control.

In this regard, it is proposed to provide for special rules for calculating and paying income tax on foreign digital companies and, in parallel, to expand tax incentives for Russian companies.

Conclusions. The authors come to the conclusion that the actual scientific task is to develop a methodological position on the directions of reforming the national tax legislation and the international tax doctrine of the Russian Federation in the context of the digital transformation of public relations.

According to the results of the study, it is concluded that it is necessary to ensure compliance with the fiscal interests of the state. This requires the transformation of essential approaches to the legal regulation of tax relations, both in the context of determining the appropriate legal forms for regulating the tax base levied in Russia in the context of the emerging digital economy, and for influencing international tax policy in order to use all the advantages provided by international tax cooperation and neutralize the threats caused by international tax competition.

** The reported study was funded by Russian Foundation of Basic Research (RFBR), project number 20-11-00292 “Legal support of national tax security in international economic integration context”.

1. Introduction

The modern world is constantly changing, which makes it necessary to update the means and methods of legal regulation of public relations. Moreover, these relations are changing, new spheres of public relations are emerging, for which it is necessary to create a legal framework. The sphere of financial and legal regulation is no exception.

According to the fair remark of Professor E. Yu. Gracheva, global challenges only prove that the main essential features of financial law in their unity, interrelation and interaction, taking into account their filling with new content that emphasizes the inviolability and fundamental nature of the legal foundations of modern society, indicate the need for constant improvement of legal regulation as the most effective and fair tool for influencing social processes [1, p. 32].

The most important issue, which has been on the agenda of the international community for several years, is the development of the digital economy. The legal realities of digitalization largely determine what place the Russian economy will take in the emerging global digital market. In order for Russian financial and legal regulation to contribute to an effective response to the challenges posed by digitalization, it is necessary to develop a holistic legal concept that allows ensuring compliance with the fiscal interests of the state in the context of digital transformation. In this regard, the transformation of tax relations and their legal regulation is of particular importance.

2. Strategic and tactical directions of the state's financial activity in the digital economy

The digitalization of the economy is characterized by the emergence of new digital tools and their active implementation in various spheres. Scholars recognize that "the digital economy is primarily characterized by dependence on intangible assets, large-scale use of data (personal data), widespread use of

multilateral business models with revenue from the sale of "free" products and the complexity of determining the jurisdiction in which such revenue is created" [2, p.41].

The need to develop legal solutions in the field of taxation of the digital economy is determined by the focus on legal support for the stability of financial and legal regulation and the principle of tax certainty. In these conditions, it is necessary to talk not only about financial and legal regulation, but also about financial policy, which is aimed at setting goals and defining tasks for the formation, distribution and use of public monetary funds [3, c. 134; 4, 5, 5, 6, 7, 8]. In this regard, it seems possible to talk about two aspects of financial policy-strategy and tactics. As noted by Professor N. M. Artemov, a financial strategy is a long-term line of behavior based on the development of long-term goals, the achievement of which should be directed to the financial activity of the state, and the choice of priority methods for achieving them; financial tactics are aimed at solving specific tasks that arise at certain stages of the development of the state [9, p. 126].

The strategic planning documents adopted in the Russian Federation provide for measures aimed at stimulating the development of digital technologies and their use in various sectors of the economy.

The digital revolution, the external manifestation of which is digital transformation, and threats to national security, of which economic threats are an integral part, are described as major challenges in the Strategy of Scientific and Technological Development of the Russian Federation. It is necessary to highlight a number of tasks set within the framework of the national program "Digital Economy of the Russian Federation" by the Federal projects "Regulatory regulation of the digital environment", "Digital Public Administration", namely:

creation of a system of legal regulation of the digital economy based on a flexible approach

in each area-in terms of theoretical and applied justification of the concept of tax and legal regulation of the digital economy in order to ensure the fiscal interests of the Russian state;

removal of priority barriers that hinder the development of the digital economy - in terms of identifying barriers that have a tax nature and determining ways to overcome them;

settlement of cross-cutting issues for various branches of legislation related to the identification of subjects of legal relations in the digital environment, electronic document management, data turnover, including personal data-in terms of the settlement of elements of taxation with existing and possible new taxes, taking into account the economic and legal understanding of digital transformation;

development of the e-government infrastructure, the introduction of end-to-end platform solutions in public administration-in terms of substantiating the concept of legal regulation of digital tax administration.

Digital transformation is defined as one of the national development goals of Russia for the period up to 2030. At the same time, the essence of digital transformation has not received fundamental scientific coverage. Based on the Decision of the Supreme Eurasian Economic Council of October 11, 2017 No. 12 "On the Main directions of implementing the digital agenda of the Eurasian Economic Union until 2025", digital transformation is a manifestation of qualitative, revolutionary changes consisting in a fundamental change in the structure of the economy. As a result of digital transformation, a transition to a new technological and economic structure is being carried out, as well as the creation of new sectors of the economy. Digital transformation also affects the sphere of state and municipal management.

As noted in the Main Directions of the Budget, Tax, customs and Tariff Policy for 2020 and for the planning period of 2021 and 2022, it is necessary to carefully study the provisions of tax legislation that would allow declaring profits for tax purposes in those jurisdictions where users (clients) of digital companies are located,

where profits are formed as a result of attracting, interaction and contributions of users, as well as to develop new rules for distributing profits in countries where intangible marketing assets are used.

We are talking about the implementation of state sovereignty in the form of new legal models that encourage foreign companies providing services on the territory of the Russian Federation to comply with the requirements of national legislation – not only selectively (for example, in terms of taxation), but also in a broader sense.

At the same time, one of the most important instruments of legal influence on rapidly developing social relations will be financial and legal means. As noted by E. Yu. Gracheva, "finance is a means of controlling the production and distribution of material goods, as well as a means of stimulating the development of the state and society in the direction necessary for each given period of development" [10, p. 11]. Undoubtedly, one of the sources of finance formation is the taxation process. Thus, the preparation of responses to the challenges of the digital economy at the level of Russian tax legislation is beyond doubt.

3. The necessity of legal support or the protection of fiscal interests of the state in the digital economy

The digitalization of the economy and the changes in business practices caused by this process have a significant impact on the development of public relations in general. The need to ensure compliance with the fiscal interests of the state both at present and in the long term requires the transformation of essential approaches to the legal regulation of the system of taxes and fees, the principles and elements of taxation, tax administration and tax control. In the absence of a thorough scientific study of this problem, the economic and legal challenges generated by the actions of actors both within the state and abroad in the conditions of the new digital reality will remain unanswered. Such consequences threaten the fiscal interests of the Russian state, the essence of which also requires a reassessment taking into account the digital

transformation.

In these conditions, it is important to focus on the implementation of the control function of financial law. Financial activity is inherently inherent in financial control, since finance objectively implements the control function. As noted by Professor E. Yu. Gracheva, "financial control is carried out at all stages and stages of financial activity and is manifested in the control of the distribution of gross domestic product among the relevant funds and their expenditure for the intended purpose" [11, p. 58]. The functions of financial control, the directions of its activities allow it to act as a "feedback" channel, giving information about the need to change legislation, law enforcement practice, etc. [12, p. 23].

Feedback is the most important link in management relations. In financial law, the principle of direct and inverse relationships has many manifestations. In particular, in tax law, one of the most important areas of the principle of direct and inverse relations is to ensure a balance of public and private interests by maintaining the principle of tax certainty in conditions of instability of legal regulation [13, p. 70].

In this regard, an urgent scientific task is to develop a methodological position on the directions of reforming the national tax legislation and the international tax doctrine of the Russian Federation in the context of the digital transformation of public relations. Thus, the spread of the practice of transactions with digital assets (cryptocurrencies, tokens, etc.) and in digital form (through marketplaces, crowdfunding platforms, etc.) raises questions about the adjustment of approaches to taxation. At the transnational level, the resolution of a dispute on determining the tax residence of a corporation based on the application of the criterion of the place of effective management becomes difficult in a situation when the company's management process becomes completely virtual and does not depend on the physical location of employees.

Another example is the need to modernize the concept of a permanent establishment as a

necessary criterion for taxing the profits of a foreign company from entrepreneurial activity in the source State of profit in the conditions of virtual promotion of foreign goods and services on the local market, as well as blurring the boundaries between goods and services. Thus, the current system of international taxation does not lead to a fair distribution of the tax base between states, violating the principle of taxation in accordance with the added value created on the territory of the country.

4. Transformation of traditional objects of taxation in the digital economy

As is known, in the theory of tax law, there are elements of the legal composition of the tax, the totality of which establishes the duty of the payer to pay the tax.

Among the main elements of taxation, the object of taxation is important, since the presence of the object of taxation is directly the basis for the taxpayer's obligation to pay one or another tax provided for by law. The object of taxation is those legal facts (actions, events, states) that determine the obligation of the subject to pay tax.

Each tax has an independent object of taxation. This is one of the guarantees of preventing multiple taxation, when the same object is subject to several taxes at the same time [14, p. 130].

For example, the object of taxation under income tax is traditionally defined as profit – the financial result of economic activity formed from the difference between income and expenses.

The problem of distinguishing the concepts of profit and income has long been discussed in the science of tax law [15, 16]. In Russia, this is due to inconsistency in the terminology used by the legislator. According to Article 41 of the Tax Code of the Russian Federation, income is an economic benefit in cash or in kind, taken into account if it can be estimated to the extent that such a benefit can be estimated, and determined in accordance with the chapters "Personal Income tax", "Corporate Income Tax" of the Tax Code of the Russian Federation.

According to S. G. Pepelyaev, the concept of income is used in two meanings in the Tax Code of

the Russian Federation: 1) as an income in a certain amount and 2) as a change in the property status of a person compared to the situation in the previous period [15, p. 17-18]. In other words, "the law establishes the presumption of taxability of benefits received by a person" [17, p. 40].

However, in the modern world, the boundaries between traditional objects of taxation are being erased. The basis of the discussion around the taxation of the digital economy is the issue of the distribution of tax rights between states in relation to digital business models.

The final report of the Organization for Economic Cooperation and Development (hereinafter – the OECD) on Action 1 of the Action Plan aimed at combating the erosion of the Tax base and the withdrawal of Profits (hereinafter – the BEPS plan) noted that the digitalization of the economy has caused a number of complex problems in the field of direct taxation, mainly related to the issue of the distribution between states of the right to tax profits obtained as a result of cross-border activities in the digital era. Speaking about a new relationship based on digital presence, we are talking about a new distribution of tax rights.

In the digital economy, the provision of services can take place without the movement of goods or capital, or without the formation of a permanent establishment abroad. This includes the transfer of data, intermediary services, the provision of digital goods/services via the Internet (the transfer of software, information, music or movies). With the development of the digital economy, the line between goods, capital and services is often blurred. Digital business models are characterized by increased mobility of their functions, assets, consumers and operations [18, 19, 20].

An important clarification is that "many traditional enterprises have a digital component, and many enterprises with a high degree of digitalization come from traditional business" [21]. In this context, we agree with Professor W. Schön, who argues that a special tax regime

should not be established for digital services and other digital business models, since such a separate tax system will "drive a wedge between the digital and non-digital sectors of the economy as a whole" [22]. Moreover, the impact of digitalization is increasingly penetrating into all sectors of the economy, which makes it almost impossible to separate digital and non-digital taxpayers or transactions.

Based on the fact that it is impossible to protect the digital economy from the economy as a whole, it is not easy to develop a structure for the orderly accounting of profits received as a result of cross-border digital transactions [22]. Many multinational corporations have already restructured their production chains in order to separate basic production, from which "ordinary" profits can be obtained, from functions such as research and development, which can be considered high added value and can be located where they will be taxed in a very small proportion. Moreover, the sale of traditional products and digital products is so closely linked that it is often almost impossible to separate the integral parts of the service for their sale.

5. Proposals of international organizations and the possibility of taking into account foreign experience in improving Russian tax legislation

The main characteristic of the digital economy is the reduction of the need for physical presence in the markets [23, 24, 25]. The value is created through interaction with the user and is concentrated in intangible assets, which are easily transferred to tax havens in order to minimize taxable profit. At the same time, corporate taxation systems are still based on the economic reality of the 1920s, when the rules of taxation according to territorial and resident principles were laid down.

On March 16, 2018, the OECD presented an interim report on the tax challenges arising from digitalization. On March 21, 2018, the European Commission published draft directives on taxation of the digital economy.

The OECD's activities on tax issues arising in connection with the digitalization of the economy are carried out in two directions: pillar 1 and pillar

2. Pillar 1 is aimed at adapting the international income tax system to new business models by making changes to the rules of profit distribution and relationships applicable to profits, as well as increasing tax certainty by introducing innovative mechanisms for preventing and resolving disputes. Pillar 2 consists of a global proposal to combat BEPS.

In 2020, the course of reforms was affected by the crisis caused by the pandemic of a new coronavirus infection. It remains unclear whether countries will move towards a multilateral approach or unilateral measures. However, the director of the OECD Center for Tax Policy and Administration, P. Saint-Amand, confirmed that, despite the crisis, the deadlines for solving the tax problems of the digital economy have not changed. The G20 has not yet given instructions to change the work schedule, on the contrary, emphasizing the priority of this direction.

In addition, some States have already introduced unilateral measures, introducing new equalizing mandatory payments or digital taxes. Inconsistency of these rules will increase the tax burden of multinational corporations, taking into account the fact that each state seeks to protect its interests. At the same time, digital enterprises should not be isolated from traditional ones, since the ultimate goal of forming new taxation rules for digital companies is to create a global tax mechanism and an effective tax system.

Under the current system of international taxation, countries that are sources of income when conducting even significant economic activities of foreign companies without a physical presence in them do not have the appropriate rights to tax profits from such activities. This happens, for example, when a significant number of goods are sold to the local population via the Internet (e-commerce) or through targeted advertising. The governments and the population of a number of states, including the EU countries, considering this situation unfair, stimulate a political and expert discussion about which countries are experiencing the process of creating value within

the framework of new digital business models and what tax consequences this will have.

The current situation, when citizens are increasingly using digital services for remote work and leisure, underlines the relevance of digital taxation projects [26]. Governments are mobilizing their tax systems to combat the economic crisis, putting pressure on national budgets. This may lead to a dilemma for governments in negotiations on taxation of digital companies: states will not be able to arbitrarily raise national taxes (which will almost certainly be the result of any G20/OECD agreement) during or after the economic crisis.

We believe that states can focus on capital taxation and corporate taxation in order to increase national revenues after the pandemic.

According to a number of foreign researchers, the decision to focus the offer on users and their data as determining cost factors for most highly differentiated business models is a positive step, but this should be followed by a thorough study of the value creation process within these business models and an analysis of the place of significant economic activity [27, p. 125]. However, enterprises are increasingly using several business models within the same legal entity. For example, there is no single model of taxation of online platforms. These platforms are often built on the "principal-agent" model, the platform itself is not engaged in the provision of goods or services and serves only as an intermediary between the seller and the buyer, and therefore cannot create a taxable presence in the state. Even if such a presence exists, many traditional value factors (for example, intellectual property) may be located outside of this jurisdiction. As a result, the amount of income tax for such a company in countries where the company has a large user base may be quite small and even zero.

This approach is interesting for fixing the features of taxation of foreign digital companies in the Russian tax legislation, for example, using the design elements of an agency permanent establishment. The Russian economy simultaneously has both a dynamically developing national IT segment and foreign digital companies

that generate significant amounts of revenue as a result of access to Russian users' data. However, the provisions of the Tax Code of the Russian Federation on VAT and income tax do not allow to fully levy taxes on the income of multinational groups of companies that use digital business models when providing services related to Russian users. At the same time, Russian organizations conducting similar activities face the corresponding tax burden in full, which allows us to conclude that Russian companies are discriminated against.

6. Conclusions

Summing up, we emphasize that each state pursues primarily the national fiscal interest. We believe that there is no doubt that it is necessary to prepare responses to the challenges of the digital economy in the new conditions at the level of Russian legislation.

The need to ensure compliance with the fiscal interests of the state requires the transformation of essential approaches to the legal regulation of tax relations both in the context of determining the appropriate legal forms for regulating the tax base levied in Russia in the conditions of the emerging digital economy, and for influencing international tax policy in order to use all the advantages provided by international tax cooperation and neutralize the threats caused by international tax competition.

However, today we see that the pace of digitalization of the Russian economy is declining, despite the huge funds allocated to this area from the federal budget. The financing of the national project "Digital Economy" from the federal budget in 2021-2023 will amount to about 552 billion rubles. In 2021, 150.2 billion rubles are planned to finance the national project "Digital Economy", in 2022 - 211.1 billion rubles, in 2023 - 190.7 billion rubles.

In 2020, it was reported that the implementation of Digital Economy projects was slow: in the second quarter, only one of the declared 10 goals under the federal Information Infrastructure project was achieved. Perhaps the reasons for such indicators lie precisely in the

inefficient spending of budget funds and long-term management decision-making. Meanwhile, the digitalization of the world economy is proceeding very rapidly, its development has led to the emergence of new business models, which, in turn, entails changes in politics, public administration, and the activities of tax authorities.

As noted by Professor E. Yu. Gracheva, effective legal regulation of various financial relations requires the legislator to understand that these relations are formed, exist and develop not in isolation from each other, but in close interaction and interdependence [29, p. 58].

We agree with N. A. Povetkina and A. A. Kopina that new technologies allow automating the processes of tax administration and control, which also leads to the need to improve the legislation on taxes and fees, since the introduction of new forms and methods of such activities is impossible without their legislative consolidation, and the automation of old ones can lead to a violation of the balance of public and private interests, for the restoration of which it is necessary to introduce new guarantees and rights of obligated subjects, as well as ways of their implementation [30, p. 41].

In this regard, we believe that it is necessary to provide special rules for calculating and paying income tax on foreign digital companies and simultaneously expand tax incentives for Russian companies. The increase in the share of the digital economy in the volume of the traditional economy raises questions of revising approaches to taxation of a permanent establishment both in the doctrine of tax law and in tax legislation.

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BIBLIOGRAPHIC DESCRIPTION

Gracheva E.Yu., Artemov N.M., Ponomareva K.A. Transformation of the legal regulation of tax relations in the digital economy context. *Pravoprime-nenie = Law Enforcement Review*, 2021, vol. 5, no. 3, pp. 45–56. DOI: 10.52468/2542-1514.2021.5(3).45-56. (In Russ.).

