DOI 10.52468/2542-1514.2022.6(1).100-110

THE PRINCIPLE OF VAT NEUTRALITY: CONTENT AND RELATIONSHIP WITH TAX LEGISLATION

Alexander D. Shelkunov
Russian State University of Justice (North Western branch), St. Petersburg, Russia

Article info
Received –
2021 June 13
Accepted –
2021 December 10
Available online –
2022 March 20

Keywords
Value added tax, principle of neutrality, tax deduction, tax legislation, refund of VAT, invoice

The subject. The principle of VAT neutrality is actual for Russia as VAT is one of the taxes levied in Russia. The principle of VAT neutrality has been upheld by the Russian Supreme Court. Therefore, the subject of the research is the definition of this principle as well as the problems of its relationship with the Russian tax law.
Purpose of the study. The article considers the principle of value added tax neutrality as an independent principle of tax law, analyzes its content and regulatory role as independent means of legal regulation. Dealing with foreign doctrine regarding to the referred principle, the article shows the problems of its implementation in Russia and includes suggestions re its harmonization with the Russian tax legislation.
Methodology. The author uses the formally legal interpretation of the legal provisions, comparative analysis of Russian and European literature as regards the nature and neutrality principle of VAT as well as the systemic analysis.
The main results. The author has formulated the definition of the principle of VAT neutrality and determined the elements of the referred principle. Each element of the principle has been described. The author divided the content of the referred principle on property, legal, economic and competitive elements. However, all these elements should be considered systemically as VAT is supposed to be neutral for businesses in terms of each sphere of their business activity. The author concluded that VAT is the tax on consumption and the burden of this tax should be transferred on final consumers. Taxable persons are only public agents to collect VAT after taxable transactions with final consumers. Therefore, there should be no obstacles as regards the right to deduct input VAT as well as any rules distinguishing the tax burden for similar taxable transactions. Also, due to the deduction mechanism the burden of VAT in the same price of goods (services, work) should be equal and does not depend on the quantity of transactions to be previous to the sale to any final consumer.
As regards the Russian tax legislation, the author identified the rules infringing the principle of VAT neutrality. Thus, the author has concluded that the Russian tax rules establishing strict documentary requirements to the right to deduct input VAT and limiting this right for foreign businesses contradict the principle of VAT neutrality. Also, the rules of the Russian Tax Code which stipulate the exemptions for the transactions between taxable persons and the different tax rates for the similar transactions as well as exclude the persons of the special tax schemes from VAT regime are not in line with referred principle.
Conclusions. According to the results of the study, the author has formulated the suggestions regarding to the amendments to the tax legislation in order to correct the revealed mismatches between the provisions of the chapter 21 of the Russian Tax Code and the principle of VAT neutrality. It is proposed to reduce the requirements to the right to deduct as well as exclude the current limitation of this right for foreign businesses, the different tax rates for the similar transactions and the exemptions for the transactions between taxable persons. In addition, the author has suggested to entitle the persons of the special tax schemes to refuse their excluding from VAT regime.

1. Introduction

According to the foreign sources, the principle of neutrality of the value added tax is recognized as the fundamental principle that defines the meaning of the elements of the referred tax [1, pp. 23-24]. Among the foreign sources, one can find a significant number of the sources where VAT issues are investigated taking into account its neutrality principle [2-10].

The Russian VAT model is an analogue of the European VAT model, originally developed in France [11, p. 113; 12, p. 158; 13, p. 110-111; 14, p. 29]. In particular, the taxpayers include legal entities and individual entrepreneurs (paragraph 1 of Article 143 of the Tax Code of the Russian Federation). Taxable transactions are transactions performed by taxpayers in the chain for the production and delivery of goods (works, services, property rights) to the final acquirer (paragraph 1 of Article 146 of the Tax Code of the Russian Federation). In addition, taxpayers have the right to deduct which is the inherent element of the European VAT model. The right to deduct assumes the taxpayer's right to reduce the amount of tax received from the buyer when selling goods (works, services, property rights) by the amount of VAT previously charged to him (input VAT, paragraph 2 of Article 171 of the Tax Code of the Russian Federation). The taxpayer also has the right to refund the difference between the VAT calculated for payment over the input VAT in the case when such a difference has a positive value. Consequently, the Russian VAT is a universal consumption tax, the burden of which should be transferred to the final consumer in connection with the application by taxpayers of the mechanism of tax deductions, which aims to relieve them of the VAT burden, but subject to its bearing in order to carry out further taxable transactions. Accordingly, the Russian model of this tax is also based on the principle of neutrality.

It is also important to emphasize that the recognition of this principle has been upheld by the Supreme Court of the Russian Federation (Ruling of the Supreme Court of the Russian Federation No306-KG18-13567 of 21 December 2018). The Supreme Court of the Russian Federation focused earlier on the need to take into account the economic and legal origin of VAT when interpreting the provisions of Chapter 21 of the Tax Code of the Russian Federation [15, p. 34].

2. The content of the principle of VAT neutrality

With regard to the principle of VAT neutrality, it is noted in foreign sources that when taxpayers pay the charged value added tax in respect to the goods and services they purchase for the purposes of further taxable transactions, this is just a technical process aimed at ensuring the actual collection of the tax from the end consumer at the final stage of the sale of goods (services). It is noted that taxpayers should not bear the actual burden of value added tax, which does not exclude the administrative expenses related to the calculation and payment of the tax. Such administrative expenses should not be compensated to taxpayers, but should be minimized [16, p. 236].

Accordingly, with regard to the principle of VAT neutrality, we are talking about the exclusion of the tangible impact on business, including the prevention of direct collection of the amount of the tax at the expense of their property. The value added tax system was created as a neutral system, providing that the value added tax should not be a burden for taxpayers performing taxable transactions [17, p. 272].

Neutrality of the value added tax presupposes the taxation of the total value of an economic product produced by business during the production process and bringing such product to a final buyer. That is, the value added tax is intended to tax the consumption of the final economic product by the final buyer. In turn, the role of taxpayers in the mechanism of VAT collection is reduced only to collect parts of the total amount of tax which is charged to the final buyer. At the time of consumption of the final economic product, the final acquirer pays the entire amount of the tax charged to him, which is calculated in proportion to the total value of the product. However, due to the fact that such amount is pre-transferred in parts, at the time of sale to the final buyer only the last part of the tax is remitted to the state budget; or the entire amount of the tax is remitted to the budget -

ISSN 2542-1514 (Print)

in cases when the taxpayer was granted the tax deduction in advance by way of full refund of the tax amount; or any part of the amount of the tax is not remitted to the budget at all – in cases when the sale to the final acquirer takes place without extra charge or even with losses, because in this case the amount of value added tax from the entire cost of consumption has already been remitted by entrepreneurs to the budget at the previous stages of the production and distribution process.

In the end, with a different number of taxpayers involved in the production and distribution process, the size of the added parts of the value of the final economic product sold to the final acquirer may differ. But with the same market price for similar goods (works, services), the final difference in the amount of such differences will be the same. Accordingly, the amounts of value added tax proportional to them will also be the same.

Thus, in relation to the property sphere of taxpayers the principle of neutrality of value added tax implies the exclusion of the tangible impact of the tax on the property of taxpayers by granting the right to deduct, assuming actual exemption from the burden of value added tax incurred for the further taxable transaction.

The European Court of Justice, when considering one of the cases, noted that the principle of value added tax neutrality does not imply the mandatory use of purchased goods in the further taxable operation no later than the same tax period in which taxpayers purchased such goods.

It should be noted that the principle of VAT neutrality provides for the absence of the tangible impact of the tax on other areas of taxpayers' activities. In order to systematize the principle of VAT neutrality, in particular, internal and external neutrality are distinguished [18, p. 344; 19, p. 204; 20, p. 375; 21, p. 284].

At the same time, internal neutrality is defined as neutrality of the value added tax to relationship of taxpayers at the domestic market, and external neutrality is defined as neutrality to cross-border market relations of taxpayers affecting foreign business or the territory of the foreign state.

Within the content of internal neutrality, economic, formal-legal and competitive components are distinguished.

The economic component provides that the collection of value added tax should not affect the means of production (and further distribution) chosen by taxpayers, as well as any of their commercial interests. At the same time, the formal legal element assumes that the amount of the tax (taxes) in costs of the same economic products at the same price should be the same. However, the authors do not justify why this component of the internal neutrality of the value added tax should be called so.

In addition, based on the competitive element, the value added tax should not affect competition among taxpayers-entrepreneurs, since the amount of the tax (taxes) in the cost of the economic product does not depend on the volume of business and the number of transactions preceding the moment of sale of such product to the final buyer.

Moreover, it remains unclear why separation of internal neutrality is inapplicable to external neutrality.

Taking into account the above, the following elements of the principle of neutrality of value added tax should be distinguished:

1) *property* - excludes the tangible impact on the property of the taxpayer, assumes relief of VAT burden;

2) *competitive* - assumes exclusion of influence on market competition among taxpayers;

3) *formal legal* - implies the exclusion of the impact on the taxpayer's choice of legal forms of organization or performing activities aimed at making profit;

4) *economic* - implies the absence of influence on means of production chosen by the taxpayer and on other business circumstances of activities aimed at making profit.

The described elements systematically exclude the tangible impact of the value added tax on the taxpayer's spheres of activity that makes the referred tax neutral.

From the standpoint of the principle of VAT neutrality, it is important that taxpayers are equal with respect to the grounds and procedure for the

ISSN 2658-4050 (Online)

tax deduction [22, p. 125].

In addition, according to the foreign sources the described content of the principle of VAT neutrality can be illustrated by the following postulates: a) relief of the burden of value added tax incurred for the purposes of further taxable transactions; b) exclusion of violations as regards market competition among taxpayers; c) equality of tax consequences for similar taxable transactions, regardless of the legal forms of organization chosen by the taxpayer and other business circumstances of performing taxable activities [19, p. 344].

The principle of VAT neutrality does not imply any differences in determining the tax component in the cost of similar goods (services), depending on the number of transactions between taxpayers.

The taxpayer's documents should only confirm the occurrence of objective circumstances of the right to deduct, including the taxable transaction and the amount of VAT incurred for the purposes of the subsequent taxable transaction [23, p. 162]. In this regard, any technical defects of the invoice or even its absence should not prevent the taxpayer from promptly exercising the right to deduct [24, p. 153].

If we consolidate the components described above, the principle of VAT neutrality should be understood as the relief of the burden of the value added tax which is to be incurred for the further taxable transaction, and the exclusion of the effect of the referred tax on market competition among taxpayers, as well as on the legal forms of organization and conduct, methods and other business circumstances of activities aimed at making profit.

According to the foreign sources [25-32], the neutral legal origin of the value added tax has recognized at the international level, and it seems that the future development of the principle of VAT neutrality will contribute to the development of the digital economy [33-34].

3. Relationship with the tax legislation

The principle of VAT neutrality is not defined in the Russian tax legislation. However, this fact does not exclude the operation of this principle as the independent means of legal regulation.

It is the principle of VAT neutrality that sets the meaning and significance of the elements of this tax adopted by the Russian legislator [1, p. 55]. This principle gives proper understanding of VAT collection, which was originally created in order to ensure maximum efficiency and balanced indirect taxation for the purposes of economic development.

The principle of VAT neutrality acts as the independent means of legal regulation, the effect of which is carried out regardless of its formal consolidation in the text of the Tax Code of the Russian Federation.

At the same time, certain legal rules in Chapter 21 of the Tax Code of the Russian Federation come into formal contradiction with this principle.

Thus, in accordance with the Russian tax legislation, the taxpayer's right to deduct input VAT depends on mandatory compliance with the strict formal documentary requirements (Articles 171-172 of the Tax Code).

In particular, there are the rules of the Tax Code of the Russian Federation according to which a taxpayer has the right to deduct only on the basis of the invoice issued by the seller (Article 171 of the Tax Code of the Russian Federation). At the same time, the invoice indicates the data that is available to the tax authorities from the other sources (paragraphs 5, 5.1, 6 of Article 169 of the Tax Code of the Russian Federation).

Also, in accordance with paragraph 1 of Article 172 of the Tax Code of the Russian Federation, when selling goods (works, services, property rights), VAT can be deducted only after booking the purchased goods (works, services, property rights) in the accounting and in accordance with the primary documents. In other words, the text of the provisions of Article 172 of the Tax Code of the Russian Federation, when interpreted literally, assumes a direct dependence of the recognition of the right to deduct on the fact that the taxpayer books the purchased goods (works, services, property rights) in the accounting and the availability of primary documents.

In this regard, if the taxpayer does not have the primary documents and (or) the invoice, or the taxpayer does not book the purchased goods

ISSN 2542-1514 (Print)

(works, services) in the accounting, then the application of a tax deduction should be refused [23, p. 160].

The formal approach seems unreasonable since it assumes conditions for unjustified refusal of tax deductions in contradiction with the principle of VAT neutrality. As noted above, based on this principle, the taxpayer's documents themselves are not a ground for the right to deduct VAT.

Moreover, information on taxable transactions and the amounts of VAT calculated in respect of them is available to the tax authorities, taking into account the introduction of the service «VAT-2 ASK». In this regard, the requirements for the mandatory presence of the invoice, relevant primary documents, booking of purchased goods (works, services, property rights) are not of fundamental importance for the tax authorities.

It should also be noted that the rules for the application of tax deductions by foreign persons also come into conflict with the principle of VAT neutrality [22, pp. 130-131].

Thus, the amounts of VAT charged to the foreign taxpayer when purchasing goods (works, services) for the purposes of his business activity can be deducted only after such persons are registered for the tax purposes in Russia (Clause 4 of Article 171 of the Tax Code of the Russian Federation). Also, these amounts can be deducted only after the Russian tax agent pays the tax withheld from the income of the foreign person, and only in the part in which the purchased goods (works, services) are used in the production of goods (works, services) sold to the Russian tax agent who has received VAT.

Accordingly, the right to deduct for the foreign taxpayer is significantly limited that contradicts the principle of VAT neutrality as a consumption tax, which assumes the operational and complete exclusion of the tax burden incurred for the purposes of economic activity in respect of each taxpayer.

In addition, the VAT exemptions for transactions to be previous to the realization of the final economic product to the final buyer (the stage of consumption) also contradict the principle of VAT neutrality

It seems that VAT exemption should follow only the positive effect for the taxpayer since such exemption excludes the obligation to calculate and remit value added tax to the budget.

However, VAT exemption will cause the positive effect only in case of sales to the final buyer. In such situations, the amount of tax proportional to the final margin will not be included in the total amount of VAT charged to the final buyer. At the same time, the final buyer will in any case pay any amount of VAT transferred in the price at his own expense.

At the same time, if VAT exemption applies to sales between taxpayers, then VAT exemption will cause the negative effect.

VAT exemption of the transaction between taxpayers will not imply the right of the taxpayer to deduct VAT imposed by the seller in costs in relation to this transaction.

In addition, the Russian legislator excluded taxpayers under the special tax regimes from the scope of the principle of VAT neutrality. In particular, we are talking about the simplified taxation system and the patent taxation system.

The Russian tax legislation imperatively exempts taxpayers in relation to the specified special tax regimes from fulfilling the taxpayer’s obligations on VAT (Articles 346.11, 346.43 of the Tax Code of the Russian Federation). However, such exemption also implies that such taxpayers do not have the right to deduct VAT charged when purchasing goods (works, services, property rights) for the further taxable transactions.

However, as noted above, the principle of VAT neutrality relieves of the tax burden for all entrepreneurs involved in the chain of transactions to be previous to the sales of economic products to the final acquirer by granting the right to deduct. Taxpayers applying special tax regimes also perform such operations. At the same time, such taxpayers are not relieved of the tax burden, even if the taxpayer who purchased the product from such entities and used it in transactions subject to VAT [1, p. 76].

It should also be noted that the Russian tax legislation, in contradiction with the principle of VAT neutrality, puts VAT payers in the unequal position with regard to the applicable VAT tax rates. In

ISSN 2658-4050 (Online)

particular, in some cases only Russian taxpayers have the right to apply the zero rate to the taxable transactions (paragraph 1 of Article 164 of the Tax Code of the Russian Federation).

In particular, with respect to the transshipment services in seaports the zero rate is applicable if such services are provided by Russian legal entities (subparagraph 2.5 of paragraph 1 of Article 164 of the Tax Code of the Russian Federation). Similarly, for the rail transportation services to goods exported outside the territory of the Russian Federation, the zero rate is applicable only by Russian carriers (subparagraph 9 of paragraph 1 of Article 164 of the Tax Code of the Russian Federation). A similar rule is provided for in subparagraph 2.2 of paragraph 1 of Article 164 of the Tax Code of the Russian Federation, according to which the organizations of pipeline transportation of oil and petroleum products include purely Russian legal entities operating in the field of transportation of oil and petroleum products through trunk pipelines.

Also, the Russian legislator allows deviation from the principle of VAT neutrality in dependence on the technology of production of goods, raw materials and other circumstances that do not affect the overall purpose of consumption in relation to the goods.

For example, the Russian tax legislation provides for the application of a reduced VAT rate of 10% in relation to the sale of children's shoes excluding sports shoes (subparagraph 2 of paragraph 2 of Article 164 of the Tax Code of the Russian Federation). However, from the customer's point of view shoes are used for the same general purpose. In this regard, it is difficult to imagine what objective economic or other justification justifies the collection of VAT on the sale of sports shoes at the rate of 20% compared with the sale of any other type of children's shoes.

In addition, the provisions of the Tax Code of the Russian Federation provide for the application of the reduced tax rate of 10% in respect of garments made only of natural sheepskin and rabbit (subparagraph 2 of paragraph 2 of Article 164 of the Tax Code of the Russian Federation). Similarly, it is difficult to determine what objective reasons prompted the Russian legislator to establish different tax consequences depending on which type of fur will be used in relation to sewing products, and to give priority to sheepskin and rabbit fur.

The examples above confirm that the number of rules on the reduced rates contradict the economic component of the principle of VAT neutrality, since such rules provide for a direct and logically inexplicable relationship between the amount of VAT and the certain business circumstances of economic activity.

The contradictions listed above between the rules of the Russian tax legislation and the principle of VAT neutrality lead to violation of market competition among taxpayers, as well as to the direct relationship between the amount of VAT and certain business circumstances, which means a violation of the competitive, formal, legal and economic components of this principle.

Thus, from the standpoint of the principle of VAT neutrality, legislative changes are required to the following rules of Chapter 21 of the Tax Code of the Russian Federation:

1) the rules that for the purposes of the taxpayer's right to deduct value added tax establish strict documentary requirements to have the properly issued invoice, primary documents and to book purchased goods (works, services) in the accounting;

2) the rules that put foreign taxpayers in the unequal position in comparison with Russian taxpayers both with regard to the conditions for exercising the right deduct and to the application of the reduced VAT rates;

3) the rules establishing exemptions for the transactions between taxpayers preceding the sale of the final economic product to the final acquirer;

4) the rules that imperatively exclude VAT obligations for taxpayers applying special tax regimes;

5) the rules that establish different tax rates for value added tax in relation to the sales of goods (works, services) that are similar as regards the general consumer purpose.

Moreover, in order to support the direct operation of principle of VAT neutrality, it is necessary to consolidate the definition of the principle of VAT neutrality in the provisions of the

Tax Code of the Russian Federation. Such consolidation will follow the legal guideline that additionally reveals the meaning and significance of the elements of the value added tax and will contribute to their proper understanding in law enforcement.

In this regard, Chapter 21 of the Tax Code of the Russian Federation should contain a separate article devoted to the definition of the principle of VAT neutrality. The definition of the principle of VAT neutrality can be given taking into account the definition set out above.

In addition, it is possible to formulate a legal presumption of bearing the burden of input value added tax, which should be compensated to the taxpayer if he proves the transfer to the counterparty and the payment of value added tax to the budget instead of confirming the fact of the taxable transaction.

The described approach will provide the property element of the principle of VAT neutrality, which provides for the operational relief of the burden of value added tax, provided it is borne for the purposes of further taxable operations.

When making amendments to the provisions establishing strict requirements for the taxpayer to have the relevant invoices and primary documents, book the purchased goods (works, services, property rights) in the accounting, it is necessary to provide a rule that such requirements are only a general rule, non-compliance with which is not yet a reason to refuse the right to deduct.

It is possible to provide that the taxpayer has the right to deduct VAT if the taxpayer confirms the following objective conditions for the right with any other documents:

1) the taxable transaction in respect of which the counterparty has charged VAT claimed for deduction to such taxpayer;

2) the fact that the taxpayer participated in the taxable transaction as a buyer (customer) for the purposes of the further taxable transaction.

These changes will exclude the situations when the taxpayer due to non-compliance with the strict documentary requirements for issuing invoices and (or) primary documents (booking purchased goods, works, services or property rights) cannot exercise the right to deduct VAT incurred for further taxable transactions.

It is important to emphasize that the taxpayer's documents should serve only as evidence of the objective circumstances with which the legal origin of the value added tax binds the taxpayer's right to deduct.

With respect to the remaining provisions of Chapter 21 of the Tax Code of the Russian Federation and their incompatibility with the principle of VAT neutrality, it is possible to provide for the following legislative changes:

1) to establish the right of foreign taxpayers to apply tax deductions in accordance with the procedure providing for the possibility of full and prompt compensation of VAT charged when purchasing goods (works, services) in order to perform further business activity;

2) to exclude VAT exemptions in respect of transactions that precede the sale of the final economic product to the final acquirer;

3) to provide that VAT exemption for taxpayers applying special tax regimes is their right;

4) to exclude the different VAT rates for similar sales of goods (works, services) as regards the general purpose of consumption.

It seems that the provisions of Chapter 21 of the Tax Code of the Russian Federation should not imply violations of market competition among taxpayers in relation to certain economic products (goods, works, services), as well as direct dependence of VAT on legal forms of organization and conduct, methods of production and other business circumstances.

4. Conclusions

Taking into account the above, the principle of VAT neutrality is the independent principle of tax law and the means of regulation for VAT collection process.

It is the principle of VAT neutrality that underlies the Russian VAT model and, in this regard, should determine approaches to the interpretation and application of the provisions of Chapter 21 of the Tax Code of the Russian Federation as regards VAT collection relations.

A number of the described contradictions with this principle identified during the analysis of Chapter 21 of the Tax Code of the Russian Federation requires the correction of specific

ISSN 2658-4050 (Online)

provisions of this chapter in the ways outlined above.

In addition, within supporting the operation of the principle of VAT neutrality, it is necessary to consolidate the definition of this principle in the content of Chapter 21 of the Tax Code of the Russian Federation.

ISSN 2542-1514 (Print)

REFERENCES

1. Shelkunov A.D. *The principle of value added tax neutrality*. Moscow, M-Logos Publ., 2017. 127 p. (In Russ.).
2. Amand Ch. VAT Neutrality: A Principle of EU Law or a Principle of the VAT System? *World Journal of VAT/GST Law*, 2013, vol. 2, no. 3, pp. 163–181. DOI: 10.5235/20488432.2.3.163.
3. Terra B.J.M. Value Added Tax and State Aid Law in EU. *Intertax*, 2012, vol. 40, no. 2, pp. 101–111.
4. Kristoffersson E. Policy Note: Value Added Tax as a Legal Transplant. *Intertax*, 2021, Vol. 49, no. 2, pp. 186–197.
5. López Llopis E. Skandia America and VAT Grouping in Spain. *Intertax*, 2021, vol. 49, no. 1, pp. 29–38.
6. Englisch J. VAT/GST and Direct Taxes: Different Purposes, in: *Value Added Tax and Direct Taxation: Similarities and Differences*, IBFD Publ., 2009, pp. 1–34.
7. Feria R. de la. *The EU VAT System and the Internal Market*, Doctoral Series, Vol. 16. IBFD Publ., 2009. 382 p.
8. Herbain Ch.A. The Journey of Branches into VAT Schizophrenia. *World Journal of VAT/GST Law*, 2013, vol. 2, iss. 3, pp. 203–213. DOI: 10.5235/20488432.2.3.203.
9. Herbain Ch.A. The Neutrality of VAT and the Refund Procedure in Luxembourg. *International VAT Monitor*, 2013, vol. 24, no. 6, pp. 349–353.
10. Greggi M. Neutrality and Proportionality in VAT: Making Sense of an (Apparent) Conflict. *Intertax*, 2020, vol. 48, no. 1, pp. 122–131.
11. Sheveleva N.A. (ed.) *Russian tax law. Special part*, Textbook. Moscow, Yurist Publ., 2004. 670 p. (In Russ.).
12. Gracheva E.Yu., Boltinova O.V. (eds.) *Tax law*, Textbook. Moscow, Prospekt Publ., 2012. 376 p. (In Russ.).
13. Ashmarina E.M. (ed.) *Tax law*, Textbook. Moscow, KNORUS Publ., 2019. 294 p. (In Russ.).
14. Zakharov A.S. EU *Tax law: actual problems of functioning of the united system*. Moscow, Wolters Kluwer Publ., 2010. 656 p. (In Russ.).
15. Razgildeev A.V. Value added tax and market prices: when the price divergency does not matter. Comment to the Decision of the Court chamber on economic disputes of the Russian Supreme Court of 3 October 2017 N305- KG17-4111. *Vestnik ekonomicheskogo pravosudiya Rossiiskoi Federatsii*, 2017, vol. 12, pp. 33–38. (In Russ.).
16. Lamensch M. EU VAT Neutrality in Question. *International VAT Monitor*, 2016, vol. 27, no. 4. pp. 236–237.
17. Tzenova L. The Myth of the Neutrality of VAT. *International VAT Monitor*, 2014, vol. 25, no. 5, pp. 271–275.
18. Herbain Ch.A. *VAT Neutrality*. Larcier, 2015. 344 p.
19. Kolozs B. Neutrality in VAT, in: Lang M., Melz P., Kristoffersson E. (eds.) *Value Added Tax and Direct Taxation: Similarities and Differences*, IBFD Publ., 2009, pp. 201–212.
20. Papis M. The Principle of Neutrality in EU VAT, in: *Principles of Law: Function, Status and Impact in EU Tax Law*, IBFD Publ., 2014, pp. 365–390.
21. Terra B., Kajus J. *A Guide to the European VAT Directives*, vol. 1. IBFD Publ., 2011. 1746 p.
22. Shelkunov A.D. The principle of VAT neutrality and approaches of courts. *Zakon*, 2014, vol. 7, pp. 159–164. (In Russ.).
23. Shelkunov A.D. Application of the principle of VAT neutrality in Russia in line with the new OECD guidelines. *Zakon*, 2012, vol. 7, pp. 124–131. (In Russ.).
24. Shelkunov A.D. The legal problems of considering invoice as a ground of VAT refund in line of approaches of the Russian and EU courts. *Zakon*, 2010, vol. 7, pp. 150–154. (In Russ.).
25. Charlet A., Owens J. An International Perspective on VAT. *Tax Notes International*, 2010, no. 12, pp. 943–954.
26. Charlet A., Buydens St. The OECD International VAT/GST Guidelines: Past and Future Developments. *World Journal of VAT/GST Law*, 2012, vol. 1, no. 2, pp. 175–184. DOI: 10.5235/WJOVL.1.2.175.
27. Lang M., Pistone P., Rust A., Schuch J., Staringer C., Raponi D. (eds.) *CJEU – Recent Developments in Value Added Tax 2015*, Series on International Tax Law, Vol. 99. Linde Publ., 2016. 367 p.
28. *Consumption Tax Trends 2010: VAT/GST and Excise Rates, Trends and Administration Issues*. OECD Publ., 2011. 167 p.
29. Echevarría Zubeldia G. First Step to a Worldwide VAT System: The OECD Guidelines. *International VAT Monitor*, 2014, vol. 25, no. 4, available at: https://www.ibfd.org/shop/international-first-step-worldwide-vat-system-oecd-vat-guidelines.
30. van der Corput W., Annacondia F. (eds.) *EU VAT Compass 2013/2014*. IBFD Publ., 2013. 550 p.

31. James K. *The Rise of the Value-Added Tax*. Cambridge, Cambridge University Press, 2015. 476 p. DOI: 10.1017/CBO9781107358522.

32. Lamensh M. The OECD International VAT/GST Guidelines: Completion of a (First) Major Step towards Global Coordination of Value-Added-Tax Systems. *Intertax*, vol. 44, no. 5, pp. 348–437.

33. Tsindeliani I.A., Anisina K. T., Burova A.S., Kopina A. A., Migacheva E.V., Rodygina V.E. Main elements of taxation in the conditions of the development of digital economy. *Utopía y Praxis Latinoamericana [En línea]*, 2019, vol. 24, extra 5, pp. 129–137.

34. Tsindeliani I.A., Anisina K.T., Davydova M.A., Kostikova E.G., Migacheva E.V., Proshunin M.M., Lyutova O.I., Pavlova E.Y. Transformation of the Legal Mechanism of Taxation Under the Influence of Digitalization: Russian Case Study. *Intertax*, 2021, vol. 49, no. 5, pp. 435-446.

INFORMATION ABOUT AUTHOR

Alexander D. Shelkunov – Lecturer, Department of State Law
Russian State University of Justice (North Western branch)
5, Aleksandrovskii park, St. Petersburg, 197046, Russia
E-mail: adshelkunov@bk.ru

BIBLIOGRAPHIC DESCRIPTION

Shelkunov A.D. The principle of VAT neutrality: content and relationship with tax legislation. *Pravoprimenenie = Law Enforcement Review*, 2022, vol. 6, no. 1, pp. 100–110. DOI: 10.52468/2542-1514.2022.6(1).100-110. (In Russ.).