

**EVIDENCES OF THE REASONABLENESS OF THE ORGANIZATIONS'
JUDICIAL COSTS IN TAX DISPUTES.**

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Discusses issues related to evaluation category of reasonable limits of court costs. Having allocated the judicial cost from court costs, including such judicial costs as payment of a representative services which raise the largest objections of parties about their size, in the article there is offered a mechanism of forming the costs of representative services as an evidence of the reasonable-ness of the judicial costs, this mechanism is based on time-rating of committed legal and physical actions of the representative. Supports necessary evidences of the reasonable-ness of judicial costs of organizations in tax disputes.

Keywords: judicial costs, tax dispute, evidences, reasonableness of judicial costs.

It is no secret that the decision on the tax dispute could have three variants of the exodus:

- issue of a judgment in full in favor of a taxpayer (tax agent),
- issue of a judgment in full in favor of a tax authority,
- issue of a judgment in favor of a taxpayer (tax agent) in part determined by the court.

The possibility of exaction of court costs from the tax authority is granted by law to the taxpayer (tax agent) only in case of full or partial satisfaction of his stated requirements.

The reason for an issue of decision in favor of the taxpayer (tax agent) is establishment during the court proceedings of circumstances, that the contested non-normative act, decisions and actions (inactions) of tax authorities or their officials do not conform to the law or other normative legal act and violate the rights and lawful interests of the taxpayer (tax agent) [1].

Introducing a tax dispute for resolving to the Court, the parties consciously go to cost-sharing of expenses in the form of court costs, expecting its compensation

depending on the taken court's judgment on the merit of the dispute [1]. However, the fact of existence of proven and paid expenses does not mean that they should be collected from the party which loses a dispute in full.

Due to objective circumstances (absence of imperious powers) in the court proceedings the taxpayer (tax agent) spends more money on providing evidences (for example, obtaining documents from third parties, an examination, copy of multiple documents for submission to case materials, and so on) and on the participation of competent representatives (lawyers, authorized representatives of the taxpayer). Therefore, the maximum compensation of court costs is a very important issue for a tax payer (tax agent).

Generally, the tax authority provides in court proceedings participation of two to four its representatives, with different competencies. In composition of mentioned representatives are included lawyers, tax inspectors and specialists of audit department, of registration division (keeper of the United State Register of Legal Entities) and other persons. Taxpayer (tax agent) could not afford without jeopardizing ongoing production (commercial) activity to send for participation in court proceedings an equal in number and competence team from its staff. Therefore, the taxpayer (tax agent), in most cases, sends to tax disputes authorized representatives of workers of specializing in tax disputes law offices, legal and audit firms, providing appropriate services to the taxpayer (tax agent). It is no secret that the cost of services rendered varies greatly, and depends on the image and qualifications of the representative.

Court costs are to be collected in favor of the taxpayer (tax agent) not only in case of adoption the decision in his favor, but also in case of partial satisfaction of the requirements if the tax dispute falls within the category of non-property nature. This is confirmed by the position the Higher Arbitration Court of the Russian Federation, which defines that "if the statements on disputing non-normative acts, decisions and actions (inactions) of state bodies, local self-government bodies, other bodies, officials are justified in whole or in part the court costs should be compensated accordingly by that body in full" [2]. The concept of full size in this case is not the same as the amount of judicial costs claimed for compensation from the State body, because the norm of part 2 of article 110 of the Arbitration and Procedural Code of the RF established that:

"2. The expenses for payment of representative services incurred by a party in whose favor was taken a court's judgment are to be exacted by the Arbitration court *within reasonable limits* from the other party involved in the case.

As seen from the text of the norm of law, this norm contains determination of discretionary powers of the court, and evaluation category “reasonable limits” has no decryption of its content in the APC of the RF. Therefore, judicial practice has developed some provisions from which can be deduced, by what judicial community is guided in the system of arbitration courts in resolving issues of the allocation of costs within reasonable limits.

First, the courts of arbitration take into account the legal position of the Constitutional court of the RF, which is set out in the ruling of 21.12.2004, No. 454-O “on the refusal of admission for consideration of the appeal of the limited liability company “Trast” against violation of the constitutional rights and freedoms in part 2 of article 110 of the Arbitration and Procedural Code of the Russian Federation”:

“Part 2 of article 110 of the APC of the RF contested by the applicant provides the arbitration court the right to reduce the amount of exacted costs to be paid in reimbursement of expenditure on the payment of representative services. Since the realization of this right by the Court is only possible if it recognizes those costs as excessive because of the particular circumstances of the case this norm cannot be regarded as violating the constitutional rights and freedoms of complainant, taking in account that as has been repeatedly pointed out by the Constitutional Court of the RF, the Court must establish the conditions under which would respected the necessary balance of procedural rights and obligations of the parties.

The duty of the Court is to collect expenses for representative’s services incurred by the person in whose favor was taken a judicial act, from the other person involved in the case, within reasonable limits, is one of the statutory legal methods against unjustified overstatement of representative payment and thus towards the realization of the requirement of article 17 (part 3) of the Constitution of the Russian Federation. That is why in part 2 of article 110 of the APC of the Russian Federation is said that it is an essential responsibility of the Court to strike a balance between the rights of persons involved in a case.

However, in making a motivated decision to change the amount of exaction for compensation of relevant costs, *the Court is not entitled to reduce it arbitrarily, especially if the other party fails to object and does not submit evidence of excessiveness of costs exacted from it”* [8].

Secondly, According to paragraph 20 of the Information Letter of Presidium of Higher Arbitration Court of the RF No. 82 of 13.08.2004 “On some issues of application of the Arbitration and Procedural Code of the RF”, in determining the reasonable limits of costs of representative services may be taken into account, in particular: norms of expenditure on business travels vested by legal acts; the cost

of budget conscious transport services; time that could be spent on providing materials by a qualified specialist; the current situation in the region on the cost of lawyers' services; evidences of statistical bodies on prices in the market of legal services; the duration and the complexity of the case.

However, as noted by K. Sasov "today the size of travel expenses for commercial organizations is not limited normatively and the cost of legal services is not tracked by the statistical bodies. The cheapest transport is not necessarily the best for the client and his or her representative. Public transport is not always convenient. Sometimes it does not provide confidentiality, safety of documents or the convenience of delivery to the Court" [7].

Should be accepted the other assertion of K. Sasov that under a qualified specialist should be understood a person that can win in a tax dispute. Thus, in the event of a dispute on the term of time spent on preparation of documents, the Court should focus on time spent by party that has won but not lost that tax dispute" [7].

Thirdly, in accordance with a norm vested in article 65 of the APC of the RF on obligation of proving in a dispute, arbitration courts assign the obligation of submission of evidences proving the reasonableness of costs for payment of representative services to the party claiming compensation of the mentioned costs. In the absence of normative criteria of reasonableness and a presence of a subjective approach of the parties, the taxpayer (tax agent) will take as reasonable costs all expenses which helped him to win in the tax dispute. That is confirmed by the opinion expressed by K. Sasov: "it appears that the reasonableness of the costs can be proved by transaction documents, confirming the fact and amount of real costs incurred. Reasonableness (or substantiation) of these costs is confirmed by the fact of victory in a tax dispute" [7].

Fourthly, the compensation is possible and when participating in court proceedings of several representatives of one party, as well as compensation of representative services if the taxpayer (tax agent) has a staff of the legal service [3].

Fifthly, meeting the requirements for reimbursement of court costs for representative services does not depend on the size of remuneration established by the State for payment of a lawyer participating in the criminal process on the appointment of inquest bodies, preliminary investigation, the Prosecutor or the Court [3].

Sixth, if the sum of claimed requirement clearly exceeds reasonable limits and the other party does not object to the excessiveness, the Court in the absence of evidences of the reasonableness of the costs submitted by the applicant, in ac-

cordance with part 2 of article 110 of the Arbitration and Procedural Code of the RF compensates such costs within reasonable, in his view, limits [3].

The authors of the commentary to the Arbitration and Procedural Code of the Russian Federation, based on an analysis of arbitration practice of applying article 110 of the APC of the RF, note the following points in determining by courts the reasonableness of the court costs:

“determining the reasonableness of limits of satisfying the requirements for reimbursement of court costs for payment of representative services does not depend on the size of remuneration established by the State for payment of a lawyer participating in the criminal process on the appointment of inquest bodies, preliminary investigation, the Prosecutor or the Court;

- the amount of payment for consultations which are not specified in the agreement on representation in court shall not be included in the court costs;

- the exaction of the costs of food and taxis should be denied, as these costs are not confirmed;

- the cost of real estate which is the subject of the dispute, does not affect the cost of legal services;

- court, establishing a balance between the rights of persons involved in the case, determines a reasonable amount of compensation. This obligation does not imply the right of the Court, taking into account the specific circumstances of the case and the appropriate evidences to deny reimbursement of costs in case if they have been really incurred by the claimant;

- data, submitted by the claimant in confirmation of regional practice of payment for representative services in cases of comparable complexity, are not an unconditional ground for recognition of actually incurred costs for payment of representative services as relevant to the reasonable limits of such costs. The plaintiff submitted other data that illustrate the different approaches in resolving issues related to the exaction of court costs for the payment of representative services;

- the Court of the first instance, recognizing the costs for payment of representative services as exceeding reasonable limits, rightly refers to such circumstances as low complexity of the case, a small amount of actions committed by the representative. Plaintiff in breach of article 65 of the APC of the RF has not proved that the cost of communication services and services on storage of baggage is directly linked to the representation of interests in Arbitration Court on the considered case. There is no evidence in the case materials that mobile calls have been precisely addressed to the heads of a legal firm and on issues related to the case. Moreover, as follows from the evidences, services of baggage storage were provided to the

representative of the applicant during his staying in the hotel, therefore, are not obviously necessary and are not linked to the appearance before the Court of arbitration. The argument of the plaintiff's against unreasonable deletion from court costs of incurred expenses for early check-in and late check-out from hotel should be recognized as justified" [5].

As we see it, the main questions of distribution court costs are associated with the determination of reasonableness only of a certain part of the judicial costs – the costs associated with the payment of attorneys' fees and other persons providing legal assistance (representatives). I.V. Reshetnikova and I. V. Kurgannikova also noted that exactly compensation of the costs for payment of representative services incurred by the person in whose favor was made a court's judgment, in practice has been causing a lot of questions [6].

In our view, the existence of a contract for services of a representative, its actual submission and the fact of payment does not guarantee a taxpayer (tax agent) compensation of spent money in case of resolving a tax dispute in his favor. This happens because part 2 of article 110 of the APC of the RF provides the arbitration court the right to reduce the amount of exaction for reimbursement of representative services payment, if it recognizes those costs as excessive because of the particular circumstances of the case. As practice shows, the reasonableness of the expenditures in the understanding of judges is always associated with their subjective evaluation of the amounts spent on representative services. By the way this evaluation at different times and in different cases may differ significantly.

Unfortunately, the current arbitration practice in part of exaction court costs, comments of legal scholars to this practice, as well as scientific articles on the issues of determining reasonable limits and exaction of court costs, do not give a clear answer regarding the limits of judicial discretion in this part. In our view, there are no logical conclusions from the synthesis of arbitration practice concerning the categories of reasonableness and excessiveness.

In such circumstances, the taxpayer (tax agent) should not expect exaction of the amounts claimed for compensation of court costs if he has limited his evidences by proving of the fact of costs-sharing for payment of representative services. Despite the fact that the burden of proving of excessive amounts of compensated costs is laid on the losing party, when the taxpayer (tax agent) occupies a passive position the amount of judicial costs can be significantly reduced, especially if the remuneration of a representative is calculated from the sum of the tax claims in a dispute or determined on principles of an hourly payment of services without reference to physical and legal actions of a representative.

As noted by K. Sasov, even when a representative counts his remuneration on the basis of the hourly rate, the following variants of arguments on the unreasonableness of costs with disputing are possible:

- remuneration rates and the number of representatives from the tax payer (tax agent);
- the wisdom of individual actions of the person providing services to the taxpayer (tax agent) during considering a tax dispute in arbitration;
- time needed for implementation of services [7].

In our view, when considering the category of reasonableness of expenses should be noted two points – the reasonableness of the representative actions (i.e. what, where and when the representative does), the reasonableness of the time spending for implementing his actions and, accordingly, the adequate valuation of representative services. As we see it, cannot be justified the position according to which all actions are reasonable, if they have led to the victory of the taxpayer in tax dispute. Only physical or legal actions of a representative, committed without violation of laws and of direct relevance to forming of an evidence base and contesting acts of tax authorities, as well as participation in court proceedings, participation in committed within a framework of a tax dispute procedural actions (Inspection of premises, expertise, ensuring the participation of third parties, etc.), drafting of procedural documents is reasonable for representation of the interests of the taxpayer (tax agent) in a tax dispute.

Committed actions of a representative should contain usefulness, common sense, logical sequence. It is no secret that the Court and the tax authority will compare the intellectual qualities of a representative, his proposed solution to the dispute, the strategy and tactics in comparison with the possible conduct of a lawyer – a mid-level professional. However, such a comparison cannot lead to the determination of excessiveness of costs for a representative if representative's actions are digitized – determined norms of work-time with documents, determined hourly rates for representatives of different professional skills and training, determined the types of committed legally significant actions. The reasonableness of actions of the representative of a taxpayer (tax agent) in a tax dispute manifests, including in cases, when a representative minimizes the possible adverse effects of the other side of a dispute.

Edge of reasonableness, in our view, should rightly take into account the interests of both sides of a tax dispute, because the basis of the principle of reasonableness is the idea of a compromise among the various legitimate interests. The reasonableness of actions of the representative of a taxpayer (tax agent) is the real-

ization of his objectives in an optimal way. And the aim should meet the criteria of the truth, i.e. the contested decision (action) of the tax authority (its official) should be illegal.

It seems to us that if law firms, tax lawyers, other legal scholars, representing the interests of the taxpayer (tax agent) in tax disputes begin to use an unified approach to the determination of the composition of necessary actions at each stage of the consideration of a tax dispute in the Arbitration Court, it will allow judges to develop a common understanding of the category of reasonableness. In this context, seems to be interesting practical activity of CJSS "Sanar", which offers its potential customers unified principles of determining the costs for its services in tax and other disputes with public authorities.

For example, in the first instance of arbitration courts, contesting the decision of the tax authority, CJSS "Sanar" identifies the following types of executed works:

1. Compilation of a formula of protection the interests of a taxpayer (in disputing each decision of the tax authority, this work is exclusive).

Appealing a non-normative legal act of the tax authority, it must be remembered that in a court proceeding consideration of legitimacy of its acceptance will be limited only with those grounds which are certified by the tax authority in the motivation part of the decision. The norms of law during the consideration of a case in the Arbitration court do not let the tax authorities to add to their decisions other grounds and evidences which do not form the basis of the taken decision. On the contrary, the taxpayer has the possibility to supplement its legal position with additional evidences, claiming that the tax authority either ignored or not requested it from the taxpayer's contractor or did not properly conduct procedure of tax control.

In case of application by the tax authority of such grounds as bad faith of a taxpayer, always should be required determination of that fact in court as legal one. It must be remembered that the guilt of a legal entity (and hence bad faith) is directly connected and is secondary on the relation to the taxpayer's official and his fault. Determination of official's guilt should be conducted according to the norms of the Code on Administrative Offences of the Russian Federation, which identifies all kinds of guilt of an individual. Bad faith of counterparty is not an evidence of guilt of a taxpayer's official. The concept of due diligence in the Code on Administrative Offences of the Russian Federation, is also missing. Article 2.2. of the Code provides only an intent and negligence. Tax authority cannot prove both forms of guilt, unless he proves that the taxpayer's official had knowingly known that the counterparty is unscrupulous.

While contesting a decision of a tax authority it is possible to bring the introduced grounds to absurdity, what focuses attention of judges on them. For example, you can explain to the Court how the tax authority applies the policy of double standards in respect of one and the same norm of law, as compiles economically unjustified claims on tax payments, etc.

During writing formulas of protection one should focus attention on violation of procedural norms by the tax authority (procedures for the implementation of tax control and making a decision). Despite the fact that the breach of procedural norms is not sufficient grounds for revocation of the contested decision, the reference to these violations can help to identify dishonesty of the tax authority.

While writing protection formulas one should not dwell only on norms of tax law. It is recommend that you make use of all existing similar cases on a tax dispute, find out the views of the court community, including the Constitutional Court, the position of the Ministry of Finance, legal practitioners, auditors, tax lawyers. Should be kept in mind that tax implications arise from the transactions committed by a taxpayer and changes in conditions of an unfinished transaction can lead to other consequences and nullify all claims of the tax authority. For example, recognition of a transaction as invalid with the restitution, matching of the creditor and the debtor in one person etc.

Formula of protection should include warning in future of similar tax claims to the taxpayer or using by the tax authority of "grey schemes" to increase the tax burden.

Formula of Protection – this is the adopted course of action in order to protect the interests of the taxpayer.

2. Preparing of a statement on disputed decisions of tax authorities and filing it to the Court.
3. Preparation of a statement for adoption security measures and filing it to the Court.
4. Participation in court proceedings.
5. Completing (selection) of judicial practice on similar tax disputes.
6. Preparation of the evidence base (completing, copying, stapling and certification of documents of the taxpayer, requests of missing documentation from contractors, banks and other persons) of the taxpayer.
7. Support of performance by the tax authority of adopted ruling on security measures: getting of writ of execution, transfer to the tax authority and tracking of suspension of order for collection of the tax authority.

8. Preparation of explanations, supplements to a statement. Enclosure of documents required by a judge to the case materials. Clarification of requirements (if needed). Preparation of objections to the response of the tax authority.
9. Statement of a petition to appoint a judicial examination (if necessary). Working with a judicial expert.
10. Statement of a petition to call a witness, providing appearance of witness to the court proceeding.
11. Work with a third party, not stating a separate requirement, but participating in the case (to ensure sending of petitions, responses, letters, etc. to the Court), with an aim to eliminate procedural aspects of abolishing the Court's decision on the dispute.
12. Getting acquainted with materials of the case, getting copies of the sheets of the case.

Types of work performed by the representative on the stage of appeal of the decision of the Arbitration Court issued on the tax dispute depend on the fact in whose favor was made a court's judgment.

When making a decision in favor of a taxpayer the objective of a representative is to support the Court's decision and provide evidences, the arguments in part of groundlessness of the complaint from a tax authority on the made judgment of the Court of the first instance. In this regard, the reasonable actions of a representative are:

1. Examination of the appeal of a tax authority to verify its compliance with the requirements of the APC (Arbitration and Procedural Code), the validity of the represented arguments, and so on.
2. Preparation of a response to the appeal of a tax authority.
3. Participation in court proceedings (with the arrival on the mission to the location of the Arbitration Court).
4. Preparation of the evidence base to the counterargument of a taxpayer against the appeal of a tax authority (if the necessary documents have not been laid down to the basis of the decision of the Arbitration court or missing in the case materials).
5. Preparation of explanations, supplements to response. Enclosure to the case materials of documents requested by court. Clarification of stated requirements (if needed).

When making a decision in favor of a tax authority the objective of a representative is to provide to the court evidences, arguments for changing the decision

of the Court of first instance in favor of a taxpayer. In this regard, the reasonable actions of a representative are:

1. Expertize (examination) of the decision of the Court of the first instance for the prospects of its appeal.
2. Preparation and filing of an appeal to court.
3. Participation in court proceedings (with the arrival on the mission to the location of the Arbitration Court).
4. Preparation of the evidence base in support of the arguments represented in an appeal.
5. Preparation of explanations, supplements to the appeal. Enclosure to the case materials of documents requested by court. Clarification of stated requirements (if needed).

Similar to the types of reasonable actions of the representative of a taxpayer in the appeals instance of arbitration court, actions of a representative under consideration of a tax dispute in cassation instance are defined.

For example, if resolution of appeals instance was made in favor of a taxpayer, the representative may exercise:

1. Expertize (examination) of the cassation appeal of a tax authority to verify its compliance with the requirements of the APC and justification of arguments.
2. Preparation of a response and supplements to it against the cassation appeal of a tax authority.
3. Participation in court proceedings (with the arrival on the mission to the location of the Arbitration Court).
4. Preparation of explanations with pictures and tables on the merits of tax claims.

When making a resolution by the appeals instance of arbitration court in favor of a taxpayer, the reasonable actions of a representative are:

1. Expertize (examination) of the decision of the Court of appeals instance for the prospects of its appeal.
2. Preparation and filling of a cassation appeal (with the arrival on the mission to the location of the Arbitration Court of the respective District).
3. Participation in court proceedings.
4. Preparation of explanations, supplements to a complaint, a petition on

enclosure to the case materials, documents which were missing at the time of consideration of a case in the first two instances of arbitration court.

It is easy to identify a list of reasonable actions of the representative of a taxpayer aimed at ensuring revision of the judicial acts by way of supervision. Sometimes it is possible to continue the contesting of court's judgments made not in favor of a taxpayer under the procedure of review of a case on new circumstances.

A positive impact on the subjective attitude of the Court to a taxpayer and his representative is caused by the fact of minimization of the taxpayer's costs (and hence reduce of judicial costs) in part of the involvement for work with a contract of specialists of different qualification (look table 1). As we see it, there is no need to involve a highly-paid specialist for all kinds of works during the protection of the taxpayer's interests. For example, in preparing evidence base, writing petitions and other specific procedural actions.

If there exists a practice of the Court of arbitration on certain issues, and a specialist of lower qualification can protect the interest of a taxpayer there is no need of carrying out these works by a specialist of higher qualification. In our view, the practice is established only when there are no different outcomes for similar tax disputes.

Table 1

The price of one hour of work of specialist CJSS "Sanar" with documents of a taxpayer (tax authority) and drafting of documents.

Ordinal number	Post title, category	Price in RUR
1.	Director, c.j.s.	1.750
2.	Deputy Director	1.050
3.	General legal adviser	800
4.	Leading legal adviser	550
5.	Legal adviser	400
6.	Chief Accountant	1.000

It is positive to provide open access to information on prices of participation of different specialists in retreats on representation of taxpayer's interests for a wide range of people [9].

Having considered the reasonableness of actions of the taxpayer's representative we should go to the question of the reasonableness of time spending, on the basis of which is determined the cost of legal services of a representative. Though labor of lawyers falls under the category of intellectual work, but contains a lot of elements which can be calculated (able to be accounted). It would be

perfectly feasible to assess the time parameters that can be used to perform certain operations. For example, it is possible to fix the time needed to read a unit of a document (A4 sheet), drafting of a unit of the document, normalize the time needed for legal examination of a non-normative act. Time spent for completing, copying, stapling, certification of documents is also quantifiable.

On the basis of the existing norms on the preparation of a worksheet text document by economic services, design and technology divisions and chronometry, CJSS "Sanar" established the following time standards for work with documents.

Table 2

Standards of time for work with documents

Ordinal number	Name, type of document	Norm of time A4 sheet, in hours
	<u>Examination of documents</u>	
1	Act of a tax check	0.25
2	Decision of a tax authority	0.25
3	Appeal or cassation complaint of a tax authority	0.25
4	Responses of a tax authority to an appeal or cassation complaint	0.25
5.	Report of a judicial expert	0.25
6.	Ruling of arbitration court	0.1
7.	Decision of arbitration court, resolution of the appeals and cassation instances of arbitration court	0.25
8.	Documents of primary accounting: consignment note, payment order, account, invoice	0.15
9.	Taxpayer's contracts with counterparty	0.25
10.	Claim, order for collection, tax authority notice	0.1
11.	Resolution of a law-enforcement agency	0.25
12.	Other, not listed above documents	0.25
	<u>drafting of documents</u>	
1.	Objection to an act on the result of a tax check	0.5
2.	Letters, including accompanying letters, to tax authorities, law-enforcement agencies, the Treasury	0.25
3.	Completing documents for letters, statements, complaints	0.25
4.	Formula of protection of a taxpayer in a tax dispute	1
5.	Statement to the arbitration court with appeal against non-normative legal act of a tax authority, a complaint to higher instance of a tax authority, claim for compensation of loss, statement to compensation of judicial costs	0.5
6.	Statement on adoption of security measures	0.25

Ordinal number	Name, type of document	Norm of time A4 sheet, in hours
7.	Response to appeals or cassation complaint of a tax authority	0.5
8.	Explanations, supplements to statements on complaining of non-normative acts of a tax authority	0.25
9.	Statement with a petition for appointment of judicial examination, drafting of issues for resolving by an expert	1
10.	Appeals, cassation complaints against court's judgments which do not meet the requirements of a taxpayer	0.5
11.	Other, not listed above documents	0.25

These standards have been tested at the reasonableness in seven cases in which taxpayers required exaction of judicial costs from a tax authority [4]. In any of the cases the Court had not questioned the reality of the spent time calculated with help of these standards, and the percentage of the exacted judicial costs to declared ones amounted to more than 80%.

Summing up set out information, it must be emphasized that the evidence of the reasonableness of judicial costs incurred by an organization in a tax dispute, is not so much the existence of a contract for representative services and fact of payment, but:

- decryption of types of work performed by the representative in the tax dispute;

- cost of one hour of work of specialists of different qualifications (not to be confused with hourly rate of a worker);

- time taken to perform certain types of work, calculated according to standards approved by local act;

- quantitative values on completing of evidence base, participation in court sessions, drafted documents, documents which have passed legal examination of and so on.

A detailed report on the work done by a representative on all the stages of the arbitration process although is cumbersome at first glance, but simplifies the process of evaluation by the Court of the reasonableness of the representative service. In addition, detailed deciphering of the works and the price of service prevents judges sympathizing to the tax authorities from carrying out an arbitrary reduction of the amount of legal costs. Justification of "explicit overstatement" of taxpayer's court costs is quite problematic for them in this case.

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