



FOREIGN EXPERIENCES OF TAX ADMINISTRATION AND ITS SPECIFIC FEATURES

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Abstract

It is necessary to improve the tax administration in accordance with the economic reforms along with the rational state tax policy. Because effective organization of tax administration mechanisms is considered a factor of economic growth. In the article, the author evaluated the economic reforms implemented in our country, its socio-economic importance, theoretical-legal issues and the need to improve tax policy and management based on the study of local and foreign practice. He also made suggestions and recommendations on improving the tax administration based on the results of his research on the topic.

Keywords: tax policy, tax theory, foreign countries, tax administration, tax control, law, legal foundations

Introduction

It is known that the basis of the tax policy of any country must be based on the following interrelated methodology:

- Formation of incomes of different levels of budgets from tax revenues and use of funds in the performance of state fiscal duties;
- Using the tax mechanism as a mechanism for indirectly regulating the economy.

Tax administration in Uzbekistan is being improved in accordance with the reforms implemented in the spheres of the state, society and economy. There are studies of a number of scientists on the practice of tax administration in the country, its problems and issues of its improvement [1-6]. But we believe that studying the mechanisms of regulating tax relations in foreign developed countries and using their positive experiences in the tax administration of Uzbekistan is not without benefits. Therefore, suggestions on using the experiences of advanced foreign countries studied in the framework of the article will be developed.

Tax policies of most developed countries are based on the Keynesian concept of functional finance. The purpose of this concept is that the tax policy should be focused not on the formation of budget revenues, but on the regulation of the economy, that





is, it defines the theory that the tax administration should fully use the available labor resources and capital and support domestic consumption.

Currently, the mechanism for achieving this goal is to increase the tax base by reducing the tax burden on producers and individuals through budget expenditures and tax cuts. Since the 90s of the last century, the specific aspects of the tax system of developed countries include the following:

- The role of proper taxes is of high importance - USA, Germany, Japan, Canada;
- The role of indirect taxes is of high importance - France, Italy.

Materials and Methods

Based on the purpose of the research, the views of local and foreign scientists, state tax service authorities, materials from websites are used to study the topic, and methods such as systematic analysis, comparative analysis, and grouping are used to develop appropriate recommendations for the solution of existing problems.

Purpose of the Article

Analysis of the practice of tax administration of developed countries and development of suggestions for applying its positive aspects in Uzbekistan.

Results

It is recognized by scientists and experts that there are problems in the regulation of tax relations even in countries with an optimal tax policy and a developed economy. The following are listed as problems in the regulation of tax relations [7]:

- The complexity of the tax system for taxpayers and effective tax administration. As a result of this, ways of tax evasion appear;
- That the system of individual taxation of incomes causes an uneven distribution of the tax burden;
- Sharp differences in the system of taxation of companies and individuals. As a result, companies try to pay less taxes by changing their ownership forms;
- Due to the disparity in taxation of dividends, taxpayers direct bank loans to investment rather than their own funds;
- Tendency of tax systems to increase the role of proper taxes;
- The state's interest in increasing budget revenues and quickly forming them in tax system reforms.





Implementation of tax administration is organized on the basis of the development model of each country. In most of the member states of the Organization for Economic Cooperation and Development (OECD), tax administration is carried out by the tax service formed on the basis of the principle of the "semi-independent structure" system. In countries where tax administration is organized based on this principle, tax authorities are responsible for managing direct and indirect taxes.

In the 11 countries of the Organization for Economic Cooperation and Development, the management of tax relations is carried out by the official Advisory Council, which also includes representatives from outside.

Also, in 9 countries, tax relations are managed by the Directorate or agencies responsible for direct and indirect taxes (in 5 countries) within the Ministry of Finance [8].

As a result of the analysis of the tax administration system of the Russian Federation, it has a repressive nature in the form of control, aimed at determining the T.Ye. Totikovalarki and applying tax sanctions" [9].

One can agree with this opinion, because in most of the states that are independent from the republics of the former union, the tax administration has a repressive nature. The tax policy and administration of these countries are subordinated to the state interest, and the main goals and tasks of all system subjects (finance, tax, prosecutor's office, investigative and judicial bodies) of the participants in tax relations are subordinated to the collection of funds from the state budget. The interest of the taxpayer is in the last place, and the responsibility of officials and responsible persons for making an illegal decision and its consequences is only a formality.

Discussion

Implementation of tax administration in the mode of "mutual cooperation" in developed countries plays an important role in the implementation of tax legislation and ensuring economic stability in the country. A similar situation can be observed in Ireland. Taxpayers are served by the Internal Revenue Service based on the principles of consistency, fairness and confidentiality.

In the first principle, it shows its meaning in the approach of all matters of taxpayers on the basis of consistency, fairness and confidentiality. The second principle is based on politeness and caution in communication with taxpayers. The third principle is characterized by the accuracy of information and the guarantee of the right of taxpayers to apply, appeal and recheck information. As a result of operating on the basis of these principles and adhering to them, the Irish economy is developing year after year.





Currently, Ireland is one of the fastest growing countries in the European Union and has a high level of investment attraction [10]. Ireland has seen growth in all indicators of economic development every year, with gross domestic product (GDP) at the end of 2021It was 498.56 billion US dollars and increased by 17.06% compared to 2020. It ranks second in Europe in terms of GDP per capita, and the level of purchasing power and economic activity indicators is 40 percent higher than in other European countries. The unemployment rate fell by 10 percent over the next decade and now stands at 4 percent[11].Many scholars believe that this economic growth in the Irish economy is the result of a positive tax administration.

Tax regulation in Ireland is carried out by the Revenue Commissioners. The representative's administration is headed by the Chairman and 2 deputy general directors. According to the reports of the representative office, as of January 1, 2018, 6007 employees were working. The main motto of the Irish tax administration is to "serve the community through the fair and effective collection and control of taxes and duties". Since 2000, the representative office has also been entrusted with the task of monitoring the issuance of personal numbers for public service to citizens. Since July 1, 2013, representative offices have also been engaged in collection of local real estate tax.

Australian tax law establishes that tax administration is organized on the basis of the following four principles:

- Impartiality of communications;
- Control over the actions of tax service employees;
- Explanation of the content of the adopted decisions;
- Ensuring honesty and professionalism in activities.

A special feature of the tax administration is that the taxpayer must have fully fulfilled his tax obligations before filing a tax dispute with the court. If the court approves the application, the amount of tax paid will be returned to the taxpayer with interest [12]. An effective tax administration system in Sweden is characterized by the principle of ensuring that the tax system works well and that the tax authorities perform their duties in accordance with the law.

In Great Britain, the tax administration is based on the principles of fairness, reciprocity and comprehensibility, as well as the principle of quality of service to taxpayers [13]. The Treasury is the body that controls and regulates tax relations in Great Britain and develops the country's general economic strategy. The Tax Service Organization, consisting of Internal Revenue and Excise and Duty Management Departments, is also included in the Treasury management system. However, the Department of Internal Revenue is officially an independent body, although it is



subordinate to the Treasury. This body is responsible for controlling income tax, capital tax and stamp duty. This control office is carried out by the Inspector General of Taxation based in London. Taxes and fees are collected by 700 district departments under the Chief Tax Inspector, and information and consulting services are provided. District offices examine the personal accounts of companies and citizens, assess the state of taxation, investigate reports of recalculations and tax refunds from law enforcement agencies. The cost of tax collection in Great Britain is several times higher than in other developed countries, and its amount is 2% of total income. examines reports from law enforcement agencies on cases of recalculations and tax refunds. The cost of tax collection in Great Britain is several times higher than in other developed countries, and its amount is 2% of total income. examines reports from law enforcement agencies on cases of recalculations and tax refunds. The cost of tax collection in Great Britain is several times higher than in other developed countries, and its amount is 2% of total income.

In the system of mutual cooperation of the tax administration, taxpayers agree on the tax consequences of deals, pricing, profit sharing, investment projects, and other economic transactions with the tax authority before they are implemented. Such cases are carried out on the basis of requests for concluding contracts with tax authorities or receiving individual advice [9].

For example, in France, the USA, and Sweden, the taxpayer has the right to request a preliminary opinion from the tax authorities on the possible tax consequences of the planned transaction. In Sweden, a preliminary assessment of tax consequences is given by a special tax law commission.

French tax administration is carried out by tax authorities based on a three-tier system. The first tier is the Directorate of National and International Investigations, the second tier is the Directorate of Tax Regulations Audit and the third tier is the Directorate of National Tax Investigations. 40-50% of French budget revenues are paid by large taxpayers. Employees of the National and International Audit Department are specialized in the areas of activity of taxpayers. Employees of this department carry out tax audits of 50 large banks every fiscal year.

The Tax Audit Office supervises the taxation of individuals with large amounts of income or in areas where income is difficult to determine, including journalists, entertainers, athletes, and executives of large companies.

The National Tax Investigation Department is mainly engaged in collecting information about taxpayers. That is, it performs the function of tax police, but there are no military units in this structure. Inquiries are initiated when there is sufficient reason to initiate it and a clear certainty of its outcome. The department has the right





to search taxpayers, and the search is carried out under the control of the tax court. This department has 20 regional and 10 interregional departments in France. From 10 mln to 400 mln. activities of taxpayers with a turnover of up to EUR. Today there are also lower departments, which have 10 mln. control the activities of taxpayers with a turnover of less than EUR.

The indicator of the efficiency of tax control is the number of inspections conducted by an employee in a year. The quality indicator of efficiency is the ratio of the amount of additional calculated tax, the collected part of the additional calculated tax, the ratio of the additional calculated and the expenses spent on its determination.

The body that regulates tax relations in the United States is the Internal Revenue Service of the United States, established in 1862. The US tax system is 3 levels. The top tier is the Internal Revenue Service, the middle tier is the Internal Revenue Service, and the bottom tier is the local tax authority, which collects and controls taxes imposed by local authorities.

The organizational structure of the US Internal Revenue Service consists of the Central Office, 7 regional offices, and 58 district offices. This service monitors the timely payment of taxes, the correct filling of tax returns, refunds of excess tax payments and the timely collection of debts and penalties from taxpayers. It also issues guidelines on the enforcement of federal tax laws and oversees the implementation of the Internal Revenue Code, and protects the interests of the United States in courts and in interstate relations.

When the Internal Revenue Service has doubts about tax returns, they are audited. The number of suspicious declarations audited annually is 1 percent. In the event that the service doubts the honesty of the taxpayer's activities and the truthfulness of the declaration, the declaration is sent to the Criminal Investigation Service. The criminal investigation service investigates and concludes whether there are cases of criminal law violations in the activity of the taxpayer.

The Taxpayer Services Division helps taxpayers understand the rules of the tax law, prepares informational materials, and publishes free newsletters in about 100 areas each year.

The International Department deals with taxation of international companies, taxation of US companies abroad, double taxation.

Tax relations between tax authorities and taxpayers:

- All accepted instructions on taxation are correct, if the taxpayer is dissatisfied with them, to prove his right in court;
- The taxpayer is always right, only the court can change this principle;





Accordingly, often additional requests from taxpayers are more likely to result in a refund rather than an additional tax payment.

The tax service authorities use the database of all three levels of tax administration bodies and other ministries and agencies without any obstacles. In addition, information on retail trade, sales tax and registration as a taxpayer is obtained from 41 countries of the world.

The activity of federal and state tax services fully adheres to the principle of cooperation and assistance with the taxpayer. Cooperation training programs for lawyers and consultants dealing with taxation issues will be developed.

There is no independent tax service in Germany, the tax service operates in the system of federal and local financial authorities. It is necessary to advise taxpayers on the issues of individual tax payments or to help them assess the actual situations related to fiscal control in the tax administration established by the tax legislation of the country. In the Netherlands, when a tax-paying company faces a tax risk, it applies to the tax authority within a certain period of time to provide its recommendations on how to get out of this situation. The tax authority is obliged to respond to this appeal of the taxpayer. A similar system is used by the tax authorities in Great Britain,

In Germany, a special body that ensures the implementation of tax policy is the Tax Police (Stoifa) of the Ministry of Finance. The fact that tax authorities have the authority of a law enforcement body has a positive effect on the effectiveness of their activities.

In Japan, the body responsible for calculating, paying, collecting and evading taxes is the National Tax Administration. The administration includes 11 district and 518 district tax service bodies. The tax service body of the central office of the National Tax Administration develops work plans, prepares and publishes information materials that help taxpayers to understand the norms of tax legislation, and supervises the activities of regional tax service bodies.

Japan Tax Administration:

- respecting the law-abiding taxpayer;
- simplicity and convenience of the tax system;
- the priority of trust in the taxpayer over the pursuit of punishment based on principles. Therefore, Japan is among the countries with the cheapest tax administration in the world.

The advantage of the system of operation of the above-mentioned mutual cooperation procedures of the tax administration is guaranteed by the transparency of the situation for the taxpayer and the absence of unexpected tax risks. But the





disadvantage of these procedures is the risk of increasing corruption in the tax service authorities.

Conclusion

Our research shows that the practice of assigning additional functions to tax authorities in Uzbekistan can be seen in foreign countries as well. For example, in Great Britain, the tax authorities are responsible for collecting public loans and monitoring the distribution of certain social benefits. In France, the cadastre of properties, and in Sweden, the tasks of accounting and registration of citizens were entrusted to the tax authorities [14].

Based on the results of our study of the tax administration of foreign countries, the following conclusions were made, and proposals were made to apply positive practices to the tax administration of our country.

1. It is necessary to abandon the repressive tax policy in a country that aims to increase economic development and population incomes and quality of life.
2. It is advisable to abandon the practice of imposing non-specific functions on tax authorities.
3. Determining the tax policy and administration procedures of each country in accordance with the specific aspects of the national development model without contradicting the generally recognized principles.

It is appropriate to use the following positive mechanisms of the tax administration of foreign countries in the tax administration of Uzbekistan.

- It is necessary to give advice to taxpayers on the issues of individual tax payments and to help them assess the real situations related to fiscal control;
- Establishment of a targeted training system by tax authorities for lawyers, consultants and accountants engaged in taxation;
- To include in the norms of tax legislation that the taxpayer is always right and only the court can change this principle;
- Respecting the law-abiding taxpayer;
- Introduction of evaluation as a quality indicator of tax control effectiveness as a ratio of the amount of additional calculated tax, the collected part of the additional calculated tax, the additional calculated and the expenses spent on its determination.

In our opinion, the use of this practice, which is widely used in the tax administration of developed foreign countries, in the regulation of tax relations in our country serves to ensure the implementation of the goals and priorities set in the development strategy and tax concept of our country.





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