



**ISSUES OF TAX ADMINISTRATION METHODOLOGY IN UZBEKISTAN
(FOREIGN EXPERIENCE)**

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Abstract:

The article discusses the methodology of tax administration - an important aspect of any tax system, the continuous improvement of which is important to ensure effective collection, compliance and fairness of taxes. This article discusses the main problems faced by tax administration and suggests a strategy for improving them. To solve these problems, several strategies for improving tax administration are proposed. The improved methodology of tax administration helps to create a fair and efficient tax system that supports economic growth and sustainable development.

Keywords: methodology of tax administration, land tax administration, land tax, real estate, local budget, local budget revenues, local authorities, local taxes, taxes on resources, tax, budget, tax rate, tax report, tax receipts, tax benefits.

**ВОПРОСЫ МЕТОДОЛОГИИ НАЛОГОВОГО АДМИНИСТРИРОВАНИЯ В
УЗБЕКИСТАНЕ (зарубежный опыт)**

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Аннотация:

в статье рассматривается методология налогового администрирования - важный аспект любой налоговой системы, постоянное совершенствование которой важно для обеспечения эффективного сбора, соблюдения и справедливости налогов. В этой статье рассматриваются основные проблемы, с которыми сталкивается налоговое администрирование, и предлагается стратегия их улучшения. Для решения этих проблем предлагается несколько стратегий улучшения налогового администрирования. Усовершенствованная методология налогового администрирования помогает создать справедливую и эффективную налоговую систему, поддерживающую экономический рост и устойчивое развитие.

Ключевые слова: методология налогового администрирования, налоговое администрирование земли, земельный налог, недвижимость, местный бюджет, доходы местного бюджета, местные органы власти, местные налоги, налоги на ресурсы, налог, бюджет, налоговая ставка, налоговый отчет, налоговые поступления, налоговые льготы.



**ЎЗБЕКИСТОНДА СОЛИҚ МАЪМУРЧИЛИК МЕТОДОЛОГИЯСИНИ
ТАККОМИЛАШТИРИШ МАСАЛАЛАРИ(ХОРИЖ ТАЖРИБА)**

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Аннотация:

Мақолада солиқ маъмуриятчилиги методологияси ҳар қандай солиқ тизимининг муҳим жиҳати бўлиб, уни доимий равишда такомиллаштириш солиқларнинг самарали ундирилиши, уларга риоя этилиши ва адолатлилигини таъминлашда муҳим аҳамиятга эга. Ушбу мақолада солиқ маъмуриятчилигида дуч келадиган асосий муаммоларни кўриб чиқади ва такомиллаштириш стратегиясини таклиф қилади. Ушбу муаммоларни ҳал қилиш учун солиқ маъмуриятчилигини такомиллаштириш бўйича бир қанча стратегиялар таклиф этилади. Солиқ маъмуриятчилигининг такомиллаштирилган методологияси иқтисодий ўсишни ва барқарор ривожланишни қўллаб-қувватловчи адолатли ва самарали солиқ тизимини яратишга ёрдам беради.

Калит сўзлар: солиқ маъмуриятчилиги методологияси, солиқ маъмуриятчилиги ер, ер солиғи, кўчмас мулк, маҳаллий бюджет, маҳаллий бюджет даромадлари, маҳаллий ҳокимият органлари, маҳаллий солиқлар, ресурс солиқлари, солиқ, бюджет, солиқ ставкаси, солиқ ҳисоботи, солиқ тушумлари, солиқ имтиёзлари.

Introduction

Comprehensive measures aimed at reforming the tax sphere, which provide for improving the effectiveness of the mechanisms of tax administration in the Republic, creating favorable conditions for the independent implementation of tax obligations, are being implemented in stages. Tax administration plays an important role in the effective functioning of the country's tax system. It is the backbone that ensures proper collection, calculation and enforcement of taxes and significantly contributes to the development of state revenues and the economy. However, the tax administration also faces difficulties and complications that require constant improvement. In the conditions of Uzbekistan, tax administration has been improved over the years, aimed at improving efficiency, transparency and compliance with legislation. It studies issues related to tax administration in Uzbekistan and provides the basis for studying potential solutions and strategies for their solution.

Thematic literature analysis

In the current period, the methodology of tax administration as priorities is considered to increase budget revenues, expand the base of local budget revenues by improving tax administration, and unify taxes.



Experts of the International Monetary Fund K.Silvani & K.Baer's scientific views on the subject are as follows: "the tax administration strategy should be evaluated as measures aimed at improving the effectiveness of long – term tax administration operas and prepared on the basis of the size of the tax break (the difference between receipts that must be paid and received) in the country and the sharpness of the measures used to reduce it" [1]

A.I.Pogorlesky and M.V.Keshners wrote:"digitization and the introduction of information technology into tax administration is obliged to lead to a reduction in the workload in tax authorities, as well as to a reduction in debts on tax types, insurance contributions" [2].

A.A.Spiridonov and others have given the following definition:" Taxsoptimalization is a taxpayer's purposeful legal action to reduce tax liabilities, involving the use of tax exemptions, tax exemptions, and other legislatively defined methods and regulations [3].

According to Bassey et al, to enhance the experience of taxpayers around the world, Tax Administration has been highly digitized with diverse and complex electronic services. Nevertheless, it is very important to understand the factors that are important for the success of the digital tax system [4].

In his work, Chowdhury raised one of the most pressing problems in the system of tax administration. He argues that tax evasion is a common problem everywhere in the world. On the one hand, it is argued that some incentive mechanisms, on the other hand, control mechanisms are necessary to stimulate people, as well as create some kind of pressure for them to pay taxes on a regular basis[5].

B.B.Ibragimov's study of the history of tax relations and administration in Uzbekistan indicates that in all socio-economic forms of the human society taxes, procedures for their calculation and collection existed in one type or another.[6].

A. Smith suggests that in tax administration, "peace, moderation taxes, and patience in management are the main factors, and everything else is done by the natural process itself".[7].

Research Methodology

In the analysis process, methods of statistical grouping of data, comparative and trending analysis were used. The article provides a comparative analysis of the scientific and theoretical views of economic scientists aimed at ensuring urgent issues of improvement of tax administration.

Analysis and Results Discussion

In the Republic, comprehensive measures are being implemented in stages aimed at improving the effectiveness of the mechanisms of tax administration, reforming the tax sphere, which provides for the creation of favorable conditions for the independent implementation of tax obligations. At the same time, in recent years, the need arises for the adoption of a number of decisions of the president and government of the Republic of Uzbekistan aimed at increasing business activity and supporting entrepreneurship in the Republic, the approval of the tax code in the new edition of the Republic of Uzbekistan, further improvement of the activities of tax authorities, transition to a new level of Service, The decree of the president of the Republic of Uzbekistan "On the concept of improving tax policy of the Republic of Uzbekistan" dated June 29, 2018 DOTP-5468, approved by the decree of the president



of the Republic of Uzbekistan "On additional measures for improving tax administration" dated July 10, 2019 DOTP-4389, measures are being taken to improve tax administration within the framework of the strategy for improving tax administration.

In particular, within the framework of the Strategic Action Plan, complex measures are implemented in the following areas:

- a) development of service-oriented tax services;
- b) further improvement of the activities of the state tax service bodies;
- C) improving tax policy and reducing the level of turnover in the economy;
- g) implementation of the tax risk assessment system and improvement of tax accounting;
- D) the use of modern methods of combating corruption in the bodies of the state tax service.

As part of the directions of the Strategic Action Plan, the following activities were carried out. In the direction of the development of taxpayer service-oriented services:

measures were carried out to regulate entrepreneurial activity by the state and self-employment, as well as to independently register and pay taxes, obtain references to prohibitions imposed on the share of a legal entity, check the status of an individual entrepreneur and other opportunities were created; ensuring full coverage with Cadastral accounting and value assessment of land and real estate for tax purposes

for the implementation of measures, databases of cadastral and tax authorities were integrated; in order to ensure equal conditions and a competitive environment for entrepreneurship, the procedure for calculating and paying the tax on turnover was improved, taking into account the areas of application and types of activities;

based on the specific needs of taxpayers (full consultation, receiving orders, applications and complaints), the procedure for providing services to taxpayers was introduced by expanding the functions of the "call-centre".

In the direction of further improvement of the activities of the bodies of the state tax service: digital technologies have been introduced aimed at expanding the list of services provided to taxpayers in Real time;

on the basis of modern methods of accounting and Financial Reporting, International taxation, transfer price fixing and the use of advanced information technologies in tax administration, retraining and professional development of employees of tax authorities was organized;

when hiring tax authorities, a selection system was introduced, including the ability of candidates to apply electronically;

based on the indicators of the effectiveness and consequentiality of the activities of employees of the tax service authorities, a system was introduced for their material stimulation, promotion, reward, application of disciplinary measures.

In the direction of improving tax policies and reducing the level of turnover in the economy: the simplified procedure for taxation was revised, taking into account the areas of application and types of activities to ensure equal fiscal conditions and a competitive environment for business entities;



the procedure for registration of legal entities and individual entrepreneurs as Value-Added Tax Payers has been developed and improved;

a system of segmentation based on tax risk assessment and integrity criteria was introduced in order to serve taxpayers in a later simplified "green corridor" arrangement;

a tax control mechanism has been introduced, which provides for the establishment of transfer prices for transactions between interconnected or affixed persons, including the establishment of criteria for them;

measures have been taken to reduce discrepancies in tax and accounting rules, and they are being adapted to International Financial Reporting Standards;

a unified system for marking certain types of products and an electronic product accounting database has been created by tax authorities;

a methodology for assessing the tax opportunities of Regions and sectors of the economy was developed and introduced, indicators and data sources were formed for forecasting tax revenues by Regions and sectors of the economy;

in the economy, the main indicators of the assessment of the scale of the "hidden economy" in order to reduce the level of turnover of khufiyona were established, an interdepartmental cooperation system, an assessment system for the effectiveness of the measures taken were introduced, as well as measures that provided for the legalization of economic activity;

the procedure for material stimulation of persons who helped (provided information) to determine the facts of tax evasion and the implementation of non-profit activities was established;

for the purpose of taxation, proposals were developed on the basis of advanced foreign experience in promoting the legalization of activities, determining the criteria and categories of self-employed persons;

proposals have been prepared for the introduction of a mechanism for the legalization and control of e-commerce activities carried out through electronic platforms, online stores and social networks;

The databases of the Customs Committee, the central bank and the tax committee were integrated, the electronic system of accounting for "e-warehouse" goods was introduced, and the system for monitoring import operations was improved by ensuring the electronic formation of reports of imported goods.

In addition, in order to sharply reduce the tax burden, deductions from turnover in the amount of 3.2 percent were abandoned, the property tax rate was reduced from 5 percent to 1.5 percent, the VAT rate was reduced from 20 percent to 15 percent and the single social payment rates were reduced from 25 percent to 12 percent. Tax types were reduced from 13 to 9, and the tax burden on wages was reduced by almost 2 times. Due to the reincarnation of business processes using information solutions, the number of employees of tax authorities was optimized by 10%, while the volume of tax revenues in the gross domestic product was achieved in 2019-2020 by 17.2%, and in 2021-by 17.4%. The launch of modern information services, the simplification of forms of tax reporting and their automation within the framework of the implementation of the "taxpayer-assistant" principle made it possible to bring the level of voluntary fulfillment of obligations in a short time to 95 percent. From 2023, the value-



added tax rate was lowered to 12% and the profit tax rate to 15% in entrepreneurial areas such as banking, finance and telecommunications.

The development of a tax administration methodology in the United States involves collaborative efforts between various government agencies, legislatures, tax professionals, and stakeholders. The Internal Revenue Service (IRS) is the primary federal agency responsible for tax administration in the United States. In the United States, tax administration follows a complex set of federal laws, regulations, and codes. The U.S. Congress passes tax laws and the relevant government agencies, including the IRS, develop regulations to enforce these laws. These provisions include procedures and methodologies for various aspects of tax administration, including tax collection, inspections, appeals, and fines. IRS plays a central role in the development and implementation of tax administration methodology. The agency provides guidance, proceedings, and guidance to both taxpayers and IRS employees. These guidelines cover a wide range of topics, including tax return preparation, filing, payments, audit, collections, and appeals. The IRS conducts educational programs and outreach initiatives to inform taxpayers about their rights and obligations. This includes providing information about the relevant methodologies for calculating and paying taxes, as well as solving common mistakes and misconceptions. The US tax administration system relies primarily on advanced technology and automation. The IRS continuously develops and updates its technology systems to efficiently process taxes, analyze data, and facilitate communication with taxpayers. Automation also helps to simplify the tax collection process and reduce errors. The IRS analyzes research and data to identify trends, areas and opportunities for improving tax administration methodology. This information will guide the development of strategies to strengthen tax compliance and enforcement. The IRS engages with a variety of stakeholders, including tax professionals, industry associations, advocacy groups, and legal professionals, to gather information and feedback on tax administration practices. This collaboration helps to identify problems and opportunities for improvement. In the US, the methodology of tax administration must be constantly evaluated and improved. The IRS regularly evaluates its processes, procedures, and define areas where systems may be gaining efficiency and where the methodology may be better developed to serve both taxpayers and governments. Litigation and court decisions related to tax issues can also influence the development of tax administration methodology. Court decisions can clarify legal interpretations and set precedents that affect how tax laws are governed.

In summary, the development of tax administration methodology in the United States includes legislative action, regulatory guidance, stakeholder engagement, technological advances, data analysis, and ongoing improvement efforts. The aim is to ensure fair and effective tax administration in adapting to changes in the economic and technological landscape.

The development of tax administration methodology in China involves a systematic approach involving the involvement of various government bodies, regulations, technologies and stakeholders. The state tax administration (now part of the state tax administration) is the central government agency responsible for tax administration in China. It forms the tax policy, rules and methodology of the tax administration and ensures their implementation throughout the country. In China, Tax Administration is regulated by a comprehensive set of laws and regulations, including the enterprise



income tax act, Value Added Tax Act, etc. These laws provide the legal framework for tax collection, reporting and compliance. SAT issues guidelines, circulars, detailed guidelines and warnings on tax administration practices. These documents outline the methodology for calculating the tax, reporting, deductions and compliance measures. China is actively adding technology to the tax administration. The Gold tax system is a computerized tax administration system that covers a wide variety of tax types. This simplifies tax collection, improves transparency and reduces manual processes. SAT aims to improve taxpayer services by offering online platforms for taxation, fees and requests. Taxpayers use data and resources related to tax administration methodology through government websites. The Chinese government engages stakeholders, including tax experts, industry associations, and professionals, to gather feedback and information on tax administration practices. This collaboration helps to identify areas of improvement and ensures that methodologies fit into the business landscape. The Chinese government invests in research and innovation to promote tax administration. This includes studying international advanced experiments and adapting them to local conditions. The results of the study affect the development of a methodology for improving tax collection and compliance. Chinese tax authorities conduct inspections and compliance inspections to ensure that taxpayers comply with tax administration methodologies. Audits help to identify areas of potential inconsistency and refer to them accordingly. Like other countries, China is focused on constantly improving the methodology of tax administration. The government assesses the effectiveness of existing practices, identifies weaknesses and seeks opportunities to improve tax administration processes. China also engages in international forums and collaborations to explore the experiences of other countries and share their practices.

In summary, the development of tax administration methodology in China includes legal framework, technology adoption, stakeholder engagement, education, research and compliance measures. The goal is to ensure effective tax collection, increase compliance and contribute to the overall economic development of the country.

In European countries, the development of tax administration methodology is usually organized through a combination of legal framework, government agencies, technology integration, stakeholder cooperation, and international advanced expertise. Each European country has its own tax authority or revenue agency responsible for tax administration. These offices operate under the supervision of the respective finance ministries. They are tasked with the formation and implementation of tax policies, regulations and methodology. In Europe, the methodology of tax administration is based on comprehensive tax laws and regulations. These laws determine how taxes are calculated, reported, collected and executed. They also set compliance requirements and penalties for non-compliance. Tax authorities issue guidelines, circulars and interpretive documents that provide detailed instructions on various issues of the tax administration. These documents identify complex tax issues, review specific scenarios, and instruct taxpayers on compliance. European countries are increasingly using technology for tax administration. Many countries offer online platforms for payment of taxes, fees and information. Digital tools facilitate interaction between taxpayers and tax authorities, reducing manual processes and errors. Tax authorities often deal with stakeholders, including tax professionals, business



associations, and academic circles. Consultations and dialogues will help to collect feedback on the proposed tax administration methodologies and ensure their practicality and effectiveness.

Tax authorities use risk assessment methodologies to identify high-risk taxpayers and areas prone to inconsistency. This targeted approach allows officials to focus resources on areas that require careful verification. Regular inspections and compliance inspections are carried out to ensure that taxpayers comply with tax administration methodologies. Audits help identify inconsistencies and ensure that taxes are accurately calculated and reported. European countries often cooperate on tax issues due to the cross-border nature of the business. Mechanisms such as the EU mutual assistance directive facilitate cooperation between tax authorities to combat tax evasion and share advanced experiences. European countries often adapt the methodology of tax administration to international standards and best practices. This increases transparency, simplifies cross-border trading, and encourages investment. Governments invest in research to understand emerging business models and the tax problems that arise. The results of the study affect the development of methodology and policies that reflect the changing economic landscape. Many European countries prioritize transparency in tax administration. They disclose tax laws, regulations and methodologies to the public, promoting accountability and trust. Tax authorities regularly review and update the methodology of tax administration in order to solve new problems and adapt to changing economic conditions.

In summary, the development of tax administration methodology in European countries includes legal framework between tax authorities, stakeholders and taxpayers, technology integration, risk assessment, education and cooperation with international cooperation. This multifaceted approach ensures effective tax collection, compliance and management while contributing to the overall economic well-being of the region.

In conclusion, the development of a methodology for tax administration is a multifaceted process that plays a decisive role in ensuring effective tax collection, promoting compliance and creating a favorable economic environment. The complexities of modern economies and the dynamic nature of tax laws require constant evolution and refinement of these methodologies. Through a combination of legislative frameworks, technological advances, stakeholder engagement, international cooperation, and capacity building initiatives, countries around the world seek to improve the efficiency, fairness, and transparency of Tax Administration Systems. The main goal of developing the methodology of tax administration is to maintain a balance between the income needs of the government and the compliance burden of taxpayers. A well-developed methodology should facilitate tax compliance, reduce administrative costs, and provide clear guidelines for taxpayers and tax authorities. In addition, as the economy becomes more and more interconnected, the importance of international cooperation in the exchange of advanced experiences, combating tax evasion and solving cross-border tax problems cannot be overstated. Countries work together to adapt their methodologies to emerging economic models and technologies and to protect the interests of their citizens.



Based on the above, we propose the following:

Tax authorities should work on simplifying tax procedures and forms, making them accessible and understandable to taxpayers. Investing in the development and implementation of modern systems of tax administration, including electronic filing platforms and online services to taxpayers. It is necessary to create a mechanism for informing taxpayers by sending SMS messages to mobile phone numbers registered in his personal cabinet about the sending of messages (notifications) of tax authorities to the taxpayer's personal cabinet. Development and implementation of the electronic platform "accounting policy of the organization", which provides for the development of a draft accounting policy to the taxpayer and the reflection of an automated system of free Submission, including key circumstances that differ from tax legislation. It will be necessary to provide quarterly information and suggestions on the state of information exchange between state bodies and organizations and on the application of measures of responsibility for violation of the procedure for information exchange. By bringing these proposals to life, Uzbekistan can increase the efficiency, transparency and fairness of the tax administration, as a result of which it can increase compliance with tax legislation, form income and contribute to overall economic growth.

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