

IMPROVING THE SERVICE OF TAXPAYERS IN TAX ADMINISTRATION

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Abstract. The article shows the role of taxes in the economy, what results can be achieved by improving the service of taxpayers in tax administration and analyzes the negative impact of the coronavirus pandemic on the economy, the reforms carried out in the tax administrations of different countries of the world to mitigate the global crisis, measures to support taxpayers by developing tax service to them in Uzbekistan. Based on the results of the analysis, proposals were developed to create favorable conditions and opportunities for the population and business entities by improving tax legislation and tax administration.

Key words: tax administration, tax service, economy, pandemic, a crisis, budget, tax incentives, business entities, small and medium businesses, tax revenues, taxes.

Introduction. Taxes are playing the main role in the regulation of economics. They are the basic source of funding for education, culture, medicine, defense, the social protection of citizens, peaceful life of the population and the implementation of a number of similar social functions of the state.

Under the paying taxes and mandatory payments, there is an economic relationship between the state and taxpayers. In this point, Tax administration is played a basic role in the tax system.

Providing good quality services to taxpayers by tax organizations, voluntary fulfillment of tax obligations by taxpayers, creating legal, transparent and convenient conditions to run business can be reached by improving the tax administration.

In the current period, the global coronavirus pandemic posed a serious threat not only to human health, but also to the global economy, especially to the tax system of several countries.

A number of problems that have arisen in the past period of 2020, such as a decline in production and services in the global economy, a sharp drop in sales of some goods, an increase in unemployment, solvency, and a decrease in tax revenues to the budget cannot be postponed by all states and requires the implementation of certain measures.

In such a difficult period, it is important, on the one hand, to preserve human health, and on the other hand, to ensure the stability of the economy.

Literature review. In the articles and researches of some scientists given different opinions about the tax administration.

For example, some researches stated tax administration is a daily activity of tax authority. But others said tax administration is control function of the tax service.

E. A. Boklacheva on her research states that improving the quality of services in tax administration provided to taxpayers by tax authorities has always been a key factor in helping taxpayers to voluntarily fulfill their tax obligations. To increase the overall level of taxation, the government should work actively to find new progressive forms and tips to increase literacy and to form friendly relations with taxpayers and help them fulfill their constitutional obligations to pay taxes (Boklacheva, 2010).

Per E. G. Shurdumova mutual cooperation between tax authorities and payers must ensure the quality of services provided. The increase in the clarity and simplicity of payment of taxes depends on the transparency of public expenditure and the quality of services, if their economic efficiency is increased, then the compliance of taxpayers with tax laws depends on the fact that taxes are understandable and simple

According to the research of S. A. Giyasov the introduction of new technologies will provide opportunities to reduce service time, develop electronic tax services, and move to the regional principle of service, save time for taxpayers. The combination of computing resources and storage tools in data processing centers increases the quality and transparency of tax administration (Giyasov, 2020).

Andreas and others on their conducted research found out that States will certainly work on the fulfillment of their goals and objectives based on tax revenues. Through the development of a system of quality services to taxpayers, it is possible to achieve an increase in the share of the tax sector in the state budget.

Per the view of L. V. Popova the formation of a tax culture of taxpayers is a long and controversial process and is also associated with the general culture of taxpayers. In this regard, measures to educate taxpayers who are subject to the law should be implemented in conjunction with other national programs (Popova, 2011).

In our opinion, tax administration is the relationship between taxpayers and the state. These relationships can be seen in the service for taxpayers, registration of legal entities and individuals, helping taxpayers to carry out their tax obligations, correct calculation of taxes, timely payment of taxes to the budget, etc.

According to the above mentioned, one of the most important directions of tax administration is the provision of services to taxpayers (providing information, advice and explanations, consulting, guidance, facilitation, advocacy, etc.).

The Tax Code of the Republic of Uzbekistan and the law of the Republic of Uzbekistan “On the state tax service” gives legal guarantees for the provision of services to taxpayers. For instance, if in the Tax Code getting the information, consulting about taxation indicated as taxpayers’ rights, then in the law “On the state tax service” providing an assistance and service to taxpayers is stated as main tasks of tax authority.

In this point, the research, support of tax payers, improving the service of tax payers in the tax administration, is important.

Another interesting point is that in the current conditions, many scientists, researchers, economists and representatives of influential organizations around the world predict that the crisis following the coronavirus pandemic will be much stronger than previous crises.

According to the International Financial Institute (IFI), the total capital inflow has more than halved during the current crisis compared to the crisis of 2008-2009 (Figure 1).

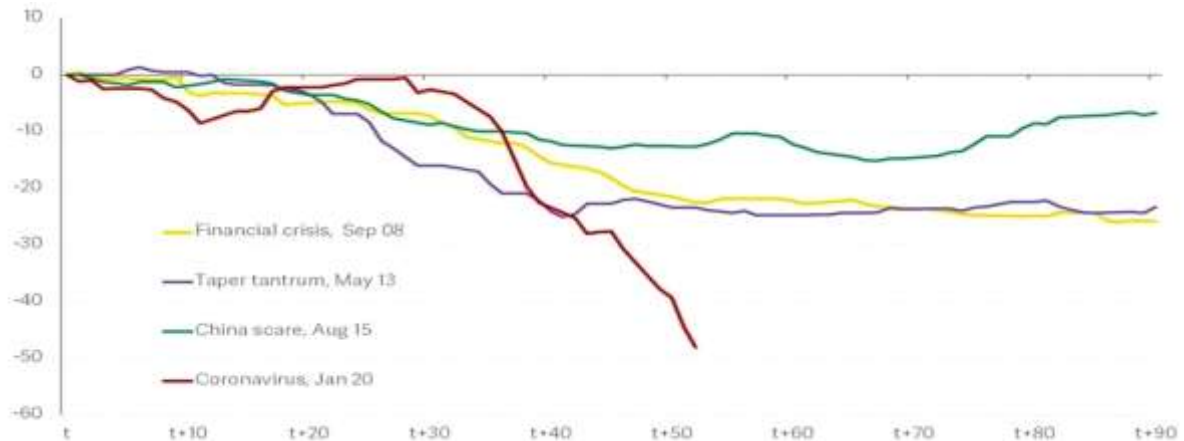


Figure 1. The movement of capital flows in emerging markets in the context of global crises

In order to mitigate the global economic crisis, the International Monetary Fund (IMF) conducted a number of analyses, as well as provided political advice, technical and financial assistance to a number of member countries.

In particular, the IMF recognized the possibility of providing loans to member states in the amount of \$ 1 trillion.

According to the IMF forecast of March 22, 2021, in the current crisis, global economic indicators are expected to decline by 4.4%, international trade by 9% and oil prices by 35%. Based on the data provided by the IMF, it will be possible to compare the state of GDP and some indicators over a three-year period.

(Table 1).

Table 1

Forecast data of International Monetary Fund (March 2021)

Countries	2019	2020	2021
World	2,9%	(-4,4%)	5,2%
Developed economies	1,7%	(-5,8%)	3,9%
USA	2,3%	(-4,3%)	3,1%
Europe	1,2%	(-7,2%)	4,7%
Germany	0,6%	(-6,0%)	4,2%
France	1,3%	(-9,8%)	6,0%
Italy	0,3%	(-10,6%)	5,2%
Spain	2,0%	(-12,8%)	7,2%
Japan	0,7%	(-5,3%)	2,3%
Great Britain	1,4%	(-9,8%)	5,9%
Canada	1,6%	(-7,1%)	5,2%
China	6,1%	1,9%	8,2%
India	4,2%	(-10,3%)	8,8%

Russia	1,3%	(-4,1%)	2,8%
Latin America	0,1%	(-8,1%)	3,6%
Brazil	1,1%	(-5,8%)	2,8%
Mexico	(-0,1%)	(-9,0%)	3,5%
Middle East	1,2%	(-4,1%)	2,6%
Saudi Arabia	0,3%	(-5,4%)	3,1%
Africa (Sub-Saharan Africa)	3,1%	(-3,0%)	3,0%
Nigeria	2,2%	(-4,3%)	1,7%
South Africa	0,2%	(-1,3%)	4,9%
International trade	0,9%	(-9,0%)	7,5%
Oil	(-10,2)	(-35,0%)	21,0%

The decline in economic growth, the reduction in production and services, and tax revenues during this pandemic are natural.

In this context, it is important to provide comprehensive support to manufacturers and service providers, especially small and medium-sized businesses, provide tax incentives and preferences and create a favorable environment for them.

In this regard, tax benefits and preferences are provided to a number of taxpayers around the world. The analysis showed a general similarity in tax administration in most countries of the world - the delay in tax payments

In particular, the USA, Australia, Japan, South Korea, Great Britain, Austria, Germany, France, Italy, Singapore, Russia, Kazakhstan and a number of other countries have taken measures to support taxpayers by deferring tax payments for a certain period.

Also, tax incentives are provided in most countries to support small and medium-sized businesses.

For example, Japan has introduced an exemption from property tax for small businesses, medium-sized companies and individual entrepreneurs affected by COVID-19, as well as a 1-year deferral of income tax, corporate tax and other taxes.

Singapore has also introduced a full exemption from property tax for hotels, tourist destinations, shops and restaurants.

According to the decision of the Government of the Republic of Kazakhstan, the "0" coefficient is applied to the rates of taxes:

- property tax of legal entities and individual entrepreneurs for large retail facilities, shopping and entertainment centers, cinemas, theaters, exhibitions and sports and recreation facilities;

- land tax paid by agricultural producers for land used for the production of agricultural products;

- income tax for individual entrepreneurs in the general tax regime.

Kazakhstan has also introduced a new tax regime (retail tax) from January 1, 2021 in order to mitigate the effects of the crisis on business. According to the new tax regime the businesses with the small and medium size will pay only 3% of tax from income. Additionally, businesses that support the new tax regime will not pay value added tax,

regardless of the amount of turnover, and will be exempt from social tax. Businesses are free to switch to this mode, and they can stay in the current standard or simplified system.

As in the whole world, this difficult process has not spared the Republic of Uzbekistan. Of course, the Republic of Uzbekistan has enough resources and opportunities to provide for its people and support its economy.

The closure of millions of businesses and organizations around the world due to the coronavirus pandemic affected 2.7 billion workers. The number of poor people in the world is projected to almost double, or by 500 million people.

Due to quarantine in the Republic of Uzbekistan, the volume of production and services in 196 thousand enterprises has sharply decreased. In addition, the number of unemployed people has also increased due to the quarantine.

In order to counter the spread of coronavirus infection and other global threats, a number of measures are being implemented in the Republic of Uzbekistan to ensure macroeconomic stability, uninterrupted operation of sectors and industries, to stimulate foreign economic activity, effective social support and prevent a sharp drop in income.

In particular, the President of the Republic of Uzbekistan has adopted a number of decrees to combat coronavirus. Based on the documents:

an Anti-Crisis Fund has been established under the Ministry of Finance of the Republic of Uzbekistan;

indicated important measures to decrease the spread of coronavirus infection, support entrepreneurship and employment, expand social protection, introduce tax and customs benefits, ensure the stable operation of economic sectors, as well as the smooth operation of banking and payment systems.

Proper organization of tax administration, rational use of tax benefits and preferences are very important to support economic entities and sectors of the economy and to ensure the stability of revenues to the state budget.

To this end, on the basis of the above-mentioned resolutions, taxpayers have been granted a number of tax benefits and preferences, and measures have been defined to simplify tax administration.

At the same time, an analysis of the measures taken in the context of the pandemic showed that there are certain problems in tax administration and tax legislation, so this area requires further improvement.

Research methodology

In this research it has been used different research methods such as perspective analysis, information grouping, comparison and scientific abstraction. Furthermore, comparing and contrasting the legal and organizational foundations of syndicated lending in international practices and in advanced countries with the current situation in Uzbekistan has allowed us to draw important results.

By using the above mentioned methods, expected scientific results can be achieved by this research:

analyzes the main directions of tax administration, reveals the features of tax administration from the registration of taxpayers to the process of liquidation, and develops tariffs and recommendations on the theoretical basis of its economic nature;

analysis of the factors influencing the service of taxpayers in the tax administration, preparation of proposals to improve the existing structure of the state tax service in terms of improving the quality of services to taxpayers, staff capacity, level of knowledge and professional skills;

proposals and recommendations on the implementation of measures aimed at creating favorable conditions for taxpayers to fulfill their tax obligations, improving the legal culture of taxpayers, assisting taxpayers, expanding the range of interactive services, voluntary payment of taxes, simplification and transparency of the tax system;

advanced foreign experiences in improving the services for taxpayers will be investigated and proposals based on the application of positive results in Uzbekistan will be made. The research will study the experiences of Japan, South Korea, Germany, Russia and other foreign countries and develop practical proposals and recommendations that will give positive results for Uzbekistan.

Analysis and results. First of all, it is necessary to improve tax legislation on the basis of urgent measures taken in practice during the pandemic.

In particular, Article 75 of the new Tax Code of the Republic of Uzbekistan recognizes tax benefits provided to certain categories of taxpayers in comparison with other taxpayers, including the possibility of non-payment of taxes or the possibility of paying them in smaller amounts.

Tax benefits are provided only by the Tax Code, unless otherwise provided by part five of Article 75 of the Tax Code.

So, in the fifth part of Article 75 of the Tax Code, tax benefits for individual (except for value added tax, excise tax and subsurface use tax) can be reduced only by the decision of the President of the Republic of Uzbekistan, but not by more than 50%, in the form of a discount and can be provided for a period of no more than three years.

If you pay attention to the content of the norms of this fifth part, then only the tax rate established by the resolutions of the President of the Republic of Uzbekistan shows that tax benefits can be provided for a period of three years in the form of a 50 percent discount.

In the event of a pandemic or other emergency, Presidential decrees do not provide for full tax exemption.

However, in the current period of the pandemic, tax benefits in the form of full tax exemption was implemented in practice only with presidential decrees.

The analysis of tax benefits introduced in the context of the pandemic also shows that tax benefits are provided depending on a specific area or condition.

Privileges include the production of consumer goods, services (consumer services and delivery services), e-commerce, mass media and other types of small businesses. But obviously, the global crisis will have a negative impact on the listed industries.

Secondly, during the pandemic, the issue of social support of the population is relevant, and in most countries of the world it is considered one of the priorities.

In a number of developed countries (USA, Japan, etc.), citizens of the country receive direct monetary assistance. Of course, this is typical for developed countries.

However, it will not be easy for all citizens of developing countries to bear the financial costs of providing such assistance. Therefore, in this situation, targeted support of the population is one of the best ways to help those in need.

A number of events and social projects are being implemented in the Republic of Uzbekistan, such as charity and sponsorship aimed at supporting the poor.

An analysis of the current tax legislation in this area shows that most donations and grants lead to tax relations, including funds and grants provided free of charge in most cases, are subject to personal income tax in accordance with the new Tax Code.

For example, Article 366 of the Tax Code of the Republic of Uzbekistan provides that when determining the base for income tax from individuals, the income of the taxpayer is taken into account both monetary income as well as income in the form of material benefits.

The list of tax benefits in Chapter 54 (Articles 378-380) of the Tax Code of the Republic of Uzbekistan provides that only income of individuals received in cash from individuals free of charge in accordance with paragraph 11 of Article 378 is not subject to taxation.

From this it can be understood that if an individual in need of social protection receives assistance from a legal entity in the form of gratuitous funds or in kind, he will have to pay income tax from individuals.

Thirdly, in Uzbekistan, as in the rest of the world, it is important to create jobs for the unemployed people.

In this direction, measures are being taken to create jobs by developing entrepreneurship, increasing employment of the population, especially young people.

Entrepreneurship development is also related to employment. In 2021, the employment program aims to create 457,000 new permanent jobs. In particular, it is planned to create 210,000 new jobs through the establishment of small and medium-sized businesses and new individual entrepreneurs, and 248,000 new jobs through sectoral and regional investment projects.

In addition, 40,000 people will be provided 92 billion sum subsidy for self-employment. In this regard, tax incentives play an important role in the development of small and medium enterprises and the creation of new jobs

Therefore, it is important to introduce the minimized rate for income tax from individuals who are hired newly and remove social tax from businesses who hire new employees at least for some amount of period (for example for 1 year after signing the contract)

Fourth, it is important to improve the quality of taxpayer services in the Republic of Uzbekistan by improving tax administration.

In this regard, it is important to provide taxpayers with comprehensive assistance in fulfilling their tax obligations, to ensure the simplicity and transparency of the tax system, to implement measures aimed at voluntary payment of taxes, to improve the legal knowledge and culture of taxpayers.

One of the most important areas of tax administration is the provision of services to taxpayers (providing information, advice and explanations, guidance, facilitation, advocacy, etc.).

The laws of the Republic of Uzbekistan governing tax relations contain legal guarantees for the provision of services to taxpayers/

As defined in the Tax Code of the Republic of Uzbekistan, if the receipt of relevant information, explanations and information from the tax authorities is reflected as the rights of taxpayers, the law “On the state tax service” provides for the necessary conditions for compliance with the legislation on taxation, assistance in the performance of tax obligations to taxpayers is defined as the main function of the tax authorities.

The ongoing reforms in the country, structural changes in the economy will lead to continuous improvement of tax administration, improving the quality of services to taxpayers and making them more convenient requires the creation of conditions.

In this regard, it is important to conduct research aimed at improving the service of taxpayers in the tax administration.

Improving the quality of services for taxpayers in the tax administration will create opportunities for taxpayers, as well as increase the share of taxes paid voluntarily to the state budget.

We believe that the improvement of the services for taxpayers in the tax administration is directly related to the following factors:

- adequacy of the organizational structure of the tax authorities for the performance of their functions by the state tax service and the provision of services as a close assistant to taxpayers;

- the potential of the personnel in the tax system, the level of knowledge, professional skills, qualifications of personnel of tax authorities, effective implementation of the master-master tradition;

- improving the legal culture of taxpayers, providing comprehensive assistance to taxpayers, providing information and advice, effective organization of guidance, advocacy and promotion work;

- the simplicity and transparency of the taxation system, the favorable conditions and environment created for taxpayers to fulfill their tax obligations;

- development of independent institutions serving taxpayers, etc.

Conclusion and recommendations. As a result of the analysis, the following recommendations will be made to improve the tax administration and support taxpayers:

- Improvement of tax legislation, in particular the inclusion in the Tax Code of the Republic of Uzbekistan a norm providing for the provision of tax privileges in the event of a pandemic or other emergency;

- introduction of tax incentives in the context of a pandemic not only to provide a specific industry or certain conditions, but also to support small businesses operating in the field of production and services, e-commerce and media;

- The assistance in the form of free money or nature that was provided by legal entity in order to provide social support to an individual should not be considered as income tax from individuals, as well as to the legal entity that have provided charity to needed individual should be given discounts or tax privileges according to the provided assistance. Changes should be amended and added to the tax code as a permanent norm for the introduction of tax privileges by taking into account the above mentioned case;

Introduce a procedure for payment of income tax from turnover instead of value-added tax and profit tax to businesses (retail trade, catering and services) that are selling goods and services to the final consumer. As well, allow voluntary payment of value added tax without any restrictions;

Organize a wide range of training courses and practical activities related to the tax sphere, as well as to take measures to simplify the accounting and tax accounting. Need to introduce the mechanism where tax authorities calculating and informing the taxpayers about their taxes (as value added tax, excise tax, property and land tax from legal entities) on the basis of taxpayers' data;

Cancellation of the application of administrative fine for tax and statistical offenses against accountants;

Creation of favorable conditions for taxpayers to fulfill their tax obligations, widespread introduction of modern interactive services, provision of information and consultations remotely, electronically, through a "call center", preparation of video textbooks, videos that allow to understand tax legislation in a simple and understandable form, placement, organization of special sections and displays in the media, expansion of propaganda and other activities aimed at improving the legal knowledge and culture of taxpayers;

From the point of view of improving taxpayer services, it is advisable to take such important measures as improving the existing structure of the state tax service, strengthening the material and technical base of tax authorities, training personnel with higher education, increase capacity, knowledge and skills in the tax system.

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