



## History of Tax Policy Strategy Development and Ways to Improve Implementation Mechanisms

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**Abstract:** This article deals with ensuring the effectiveness of the tax-budget system in the new development strategy of our republic. Tax policy plays a very important role in the economic policy of any country. The tax policy is closely related to other economic policies of the state and influences them. Correct development of tax policy and determination of its strategic and tactical directions is a very urgent and complex process. This article analyzes the content of the tax policy, its strategy and tactics, as well as the priority directions of the tax policy of Uzbekistan today.

**Keywords:** Tax, tax attitudes, economic policy, tax policy, tax policy strategy, tax policy tactics, tax rate, tax benefits, tax policy directions, state budget, centralized monetary funds, tax administration, and tax burden.

### Introduction:

Relations with the formation of centralized monetary funds and their distribution play a key role in the internal financial policy of the state. This is related to the tax policy, which is the most important component of the economic policy of the state. The tax policy is closely related to other economic policies of the state and influences them. Correct development of tax policy and determination of its strategic and tactical directions is a very urgent and complex process. From this point of view, the development of tax policy, its implementation and evaluation of its effectiveness is a unique complex process, and it is considered one of the actual issues after researching its directions from a scientific and theoretical point of view.

### Review of literature.

Scientific research related to the tax policy in the tax system, as well as the strategic and tactical directions of the development of the state's tax policy and its implementation, has a long history. As soon as it appeared, special departments aimed at the effective use of money funds formed as the state treasury were established, and the issues of financial control were at the center of research related to public finance. Issues related to this process have been studied by many financial scientists. In particular, foreign economists T. Hobbs, A. Smith, D. Ricardo, U. Petty, M. Lorentz, R. Campbell, K. McConnell, G. Menkiw, G. Buehler, A. Laffer, R. Musgrave, F. Ramsey, N. Turgenev, V. Tverdokhlebov, A. Voznesensky, V. Glukhov, L. Goncharenko, E. Evstigaeev, A. Isaev, M. Kulisher, V. Panskov, A. Pogorletsky, A. Sokolov, S. Sutirin, researched in the scientific works of D. Tikhonov, D. Chernik, T. Yutkin [1-14]. Economists from Uzbekistan E. Gadoev, Sh. Gataulin, I. Zavalishina, A. Kh. Islamkulov, T. Malikov, O. Olimjonov, Kh. Sobirov, A. Joraev, Sh. Toshmatov, O. Abdurakhmanov, B. Toshmurodova, N. The theoretical and scientific-methodological aspects of tax administration improvement are reflected in the scientific works of scientists such as Khaidarov, A. Khayrutdinov, I. Niyazmetov, Q. Yakhyoev, N. Ko'zieva, S. Boymurotov [15-29]. In particular, N. Turgenev, While foreign scientists such as V. Tverdokhlebov, A. Voznesensky conducted scientific research on the mechanisms of tax policy organization related to the determination of tax obligations

in providing the state treasury with financial funds, Russian scientists V. Panskov, D. Chernik, T. Yutkin in the conditions of market relations of the state conducted research on the strategy, tactics of tax policy, the position of the state in the implementation of tax policy directions. In his research, E. Gadoev's scientific research revealed the directions of tax policy for each type of tax in a scientific and methodological way, while Professor A. Joraev scientifically studied tax policy issues related to the collection of taxes in the formation of state budget revenues, and I. Niyazmetov, in his scientific research, studied the tax policy of the state analyzed the features of the application of special tax regimes and developed scientific recommendations.

### **Research methodology**

In the process of analysis, statistical grouping of data, comparative and trend analysis methods were used. In the article, as one of the urgent issues of the state financial system, economists have widely used and analyzed the research methods that are widely used in the scientific research methodology in the implementation of scientific research related to the development of the State's tax policy and the strategic and tactical directions of its implementation.

### **Analysis and discussion of results.**

Comprehensive measures aimed at reforming the tax sector are being gradually implemented in the republic, which include increasing the effectiveness of tax administration mechanisms and creating favorable conditions for independent fulfillment of tax obligations.

The direction of the state's activity in any field is goal-oriented. In this respect, achieving the goal requires a combination of certain measures and activities. The tax-related part of such activities of the state, in turn, forms the core of the tax policy. As we mentioned, the core of tax policy goes back to distribution relations. Distribution of national income, introduction of mandatory means of payment (taxes) for it, collection and regulation of the progress of this process and its continuous improvement require relations.

It is appropriate to define the following as the main areas of activity of tax authorities:

in the first direction - to introduce customer-oriented service methods in tax authorities, to support their activities, as well as to create convenient, understandable and easy mechanisms for fulfilling tax obligations, and to help increase the number of honest tax payers;

In the second direction - increasing the efficiency of tax administration methods, optimizing and automating business processes by abandoning outdated ineffective tools;

in the third direction - development of the competitive environment and creation of conditions for doing business, reduction of organizational costs of business activities, elimination of factors that help to abuse created opportunities and quick identification of the use of tax avoidance schemes, as well as implementation of measures to eliminate the reasons that encourage the implementation of clandestine activities;

in the fourth direction - to eliminate the "human factor" by continuing to implement clearly targeted tasks on the digitization of the activities of tax authorities, to introduce automated data management and analysis technologies;

in the fifth direction - strengthening the personnel structure, tax authorities by creating transparent conditions for promotion, strengthening compliance-control against corruption, and creating working conditions by improving the qualifications of tax authorities' employees.

Let's analyze the current state of the tax administration and the results achieved to date. Currently, it was developed in accordance with the Decree of the President of the Republic of Uzbekistan dated June 29, 2018 "On the concept of improving the tax policy of the Republic of Uzbekistan" No. Measures to improve tax administration are being implemented within the framework of the Tax Administration Improvement Strategy approved by Resolution No. 4389.

Within the framework of the strategic action plan, comprehensive measures are being implemented in the following areas:

- development of service-oriented tax services;
- further improvement of the activities of state tax service bodies;
- -improving the tax policy and reducing the level of secret turnover in the economy;
- introduction of tax risk assessment system and improvement of tax accounting;
- Development of mechanisms to combat corruption in state tax service bodies.

We see that the following activities have been implemented within the directions of the strategic action plan.

In addition, in the direction of development of service-oriented tax services:

several works on state regulation of business activity and self-employment were carried out, as well as independent registration and payment of taxes, obtaining information about prohibitions on the share of a legal entity, checking the status of an individual entrepreneur and other opportunities were created;

Cadastral and tax authority databases were integrated to ensure full coverage with cadastral accounting and valuation of land and real estate for taxation purposes;

In order to ensure an environment of equal conditions for entrepreneurship, the procedure for calculating and paying turnover tax has been improved, taking into account the areas of application and types of activities;

Based on the specific needs of taxpayers (giving full advice, receiving orders, applications and complaints),

By expanding the functions of the "call-center", the procedure for providing services to taxpayers was introduced.

In order to improve the tax policy and reduce the level of secret turnover in the economy:

Decree of the President of the Republic of Uzbekistan dated October 30, 2020 "On organizational measures to reduce the underground economy and increase the efficiency of tax authorities"

By Decree No. PF-6098, the main directions for increasing the efficiency of tax authorities and reducing the secret economy were approved. In this;

to ensure equal fiscal conditions and a competitive environment for business entities, taking into account the fields of application and types of activities, the simplified procedure for taxation was revised;

The procedure for registration of legal entities and individual entrepreneurs as VAT payers was developed and improved;

Assessment of tax risks in order serving taxpayers in a simplified "green corridor" procedure

And a segmentation system based on honesty criteria was introduced;

A tax control mechanism was introduced, which provides for the determination of transfer prices for transactions between individuals, including the establishment of criteria for such individuals;

Measures have been taken to reduce differences in tax and accounting rules and they are being adjusted to international financial reporting standards;

A unified system of marking certain types of products

And an electronic database of product accounting was created by tax authorities;

A methodology for assessing the tax potential of regions and economic sectors was developed and introduced, indicators for forecasting tax revenues by regions and economic sectors And data sources were formed;

the main indicators for the assessment of the scale of the "hidden economy" to reduce the level of secret circulation in the economy were determined, the system of inter-departmental cooperation, the system for evaluating the effectiveness of the measures taken, and also the measures for the legalization of economic activity were implemented; the procedure for financial incentives for persons who helped to identify the facts of tax evasion and secret activities was established;

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

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

The databases of the State Customs Committee, the Central Bank and the State Tax Committee were integrated, the electronic system of accounting for goods "E-warehouse" was introduced, and the system of monitoring import operations was improved by ensuring the electronic formation of reports of imported goods.

In the direction of creating a modern system of tax risk assessment and monitoring:

A systematic tax risk management mechanism was introduced;

The procedure for managing tax risks, identifying taxpayers with a high tax risk, and organizing and conducting tax audits was established;

Analysis of risks, including VAT payers

And improved remote (remote) methods of tax control (based on segmentation of taxpayers) based on the management system;

The procedure for video recording by the state tax service authorities for the implementation of tax control of taxpayers' activities was approved;

Taking into account the best international experiences, measures were established for the gradual integration of the personal identification number system into the system of identification cards (ID cards).

In the direction of improving the system of prevention of corruption in state tax service bodies:

the personnel policy was improved, taking into account the development of the system of prevention of corruption, the development of criteria for evaluating the honesty of employees and the conditions of employment, as well as training and retraining of personnel;

measures have been taken to improve working conditions, including material and non-material incentives, growth in service, education, health recovery, recreation and other areas;

Transparency of activities was ensured, direct communication with citizens was strengthened and a positive image of tax authorities was formed.

As a result of the implemented measures, it was possible to optimize the number of tax authorities by 10% by the end of 2020, and to increase tax revenues by 124% and by the end of 2021 by 123.4%.

By the end of 9 months of this year, tax revenues in the regions increased by 134%. Income from sales tax (AOS) increased by 149% compared to the same period last year, and VAT by 132%. This chain reaction was a direct factor in the increase of the profit tax base, and profit tax revenues (except Navoi and Almaliq KMKs) increased by 154 percent.

In addition, as a result of the creation of modern information services, the simplification of tax reporting forms and other measures within the framework of the implementation of the principle "Tax service - tax payer's assistant", the level of voluntary fulfillment of obligations in a short period of time increased to 96%, as well as monthly forecast indicators to the 25th made it possible to ensure its completion.

## Conclusions and suggestions.

1. With the results of the activities of the state tax service bodies, the expansion of the tax base, the strengthening of payment discipline, the formation of the culture of tax payment and the effectiveness of the activities aimed at supporting business entities, the launch of a new stage of open dialogue with the general public, in particular, the special information analysis portal of the tax authorities (analysis.tax. en) launch;

It includes tax revenues for each tax type and region, the number of taxpayers, basic tax rates, the number of newly opened legal entities, the level of voluntary tax compliance, reimbursement of negative VAT amounts, the coefficient of breaking the VAT chain, the tax burden, the average work on submitted reports. the amount of fees, the profit of business entities, indicators of public control, the amount of online NKM checks, the dynamics of the circulation of electronic invoices, the review of appeals, etc., should be provided for the use of experts, analysts and the general public.

2. In order to protect business entities from future liabilities and help them to continue their activities, to optimize their costs, in connection with the lack of accounting services for more than 67% of small business representatives, gradually assigning the function of calculating taxes to the tax service authorities from 2023;
3. Opening a single account for all taxes paid while systematically continuing to facilitate business entities in fulfilling their obligations (European and Russian experience);
4. In order to introduce the Institute of Incentives for Honest Taxpayers, to introduce the practice of returning up to 5% of the taxes paid to business entities that have increased tax payments compared to the previous year at the end of the year and have not recorded violations of the law (did not hide the tax base) in their activities (Turkey's experience);
5. Summarizing all financial fines applied to business entities and considering the requirement that the fines paid do not exceed the basic tax amounts.
6. To create an equal competitive environment for entrepreneurs and to ensure the complete formation of the VAT chain in the economy, while consistently continuing to phase out tax incentives with low efficiency, not to extend expiring incentives, and to limit the granting of new incentives;
7. In order to train personnel who can respond to the challenges of the new tax administration, to evaluate the consumer market by sectors, types of goods, and types of services, to forecast the positive and negative effects of tax policy, administration and changes on the economy, to train tax analysts (analysts).

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