



## Directions For Optamal Management Of The Tax System

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### Abstract

This article is devoted to the nature of the tax system, the taxes that are its components, the procedure for calculating and transferring them to the budget, the appearance of changes in tax rates in the tax system. The article describes the problems of the tax system of the Republic of Uzbekistan, and offers and recommendations for solving these problems.

**Keywords** tax, tax system, budget, tax rate, investment

### Introduction

The universal law of the existence of an economic system is largely determined by the rational formation of the tax system, the formation of income at all levels and the clear definition of their target directions. Therefore, the mechanism of managing the resources of the budget at all levels depends on the rational construction of the tax system. In the rapidly developing conditions of economic development, the tax system is one of the most important means of state regulation of the economy. A rationally built and currently effective tax system solves the problem of increasing budget revenues at all levels and serves the development of the entire economy and individual economic entities.

At the same time, it should be noted that currently the tax system in the Republic of Uzbekistan is subject to severe but firm criticism [1, 3]. Today, the improvement of the tax system is aimed at eliminating the shortcomings that ensure the full flow of financial resources to the budget, simplifying the composition of taxes and fees. The main idea of the new tax concept, which will be introduced starting from 2019, is to reduce the tax burden and use a simple and stable tax system [1, 5].

Of course, taxes play a leading role in forming the revenue part of the state budget, and the share of tax revenues in recent years is much higher than in countries with a developed market economy. For example, if the tax revenue of the budget in the Republic of Uzbekistan exceeds 90 percent, it is about 50-55 percent in developed countries. This is explained by the fact that taxes in these countries perform a regulatory function more than the fiscal function. The essence of the regulation is to help increase the tax culture and responsibility of taxpayers. As practice shows, instability in the tax system is caused by fiscal importance: high taxes lead to an analysis of the taxable base for the taxpayer and a decrease in tax revenues in budget revenues. First of all, it is necessary to take emergency measures to alleviate the complicated situation on the fiscal role of taxes.



## Literature review

Some scientists believe that in the conditions of uncertainty and complexity, people may not know exactly the tax obligation or the tax authority's strategy for fulfilling their obligations [2, 29-66], while some say that in terms of tax avoidance, a person chooses the amount of tax payment and tax evasion at the same time [3, 31- 66], some argue that some types of taxes are more alienating than others [4, 5].

According to Reaganum and Louis, the agency can use the information from the tax audit to determine strategic audits, so the probability of the audit can partly depend on the behavior of the taxpayer and the tax authority [5, 1].

The increase in the complexity of taxes leads to a wider use of tax practices, and the average level of non-compliance is higher for declarations prepared with paid assistance [6, 9].

A higher tax rate results in less compliance, with the implied elasticity of the income tax rate being between -0.5 and -3.0 [7, 7].

At the same time, governments are hesitant to push progressivity too far because of distortions in labor supply and investment in skills. A marginal tax scheme reduces both the return on working more hours and the return on human capital acquisition (e.g., Heckman, Lochner, Taber [8]; Krueger, Ludwig [9]; Guvenen, Kuruscu, and Ozkan [10]) . Moreover, if the skill balance premium responds to skills shortages, a more progressive tax system, by suppressing investment in skills, may exacerbate pre-tax wage inequality and undermine the original intent of redistribution (e.g., Feldstein [11]; Stiglitz [12]) .

Defining optimal interventions has certainly received some attention (starting with the classic approach in Mayshar [13]), but it remains an open question whether there are concepts similar to taxable income elasticity that could be equally useful in guiding empirical work on appropriate degree and design of administrative interventions.

## Analysis of Subjects

Currently, it is clear that the formation of budgets at all levels is negatively affected by many problems related to the payment of taxes and fees.

Despite the proper organization of taxation, the low level of tax literacy and culture has a negative impact on the implementation of the budget revenue. As confirmation of this, it can be shown that entrepreneurs try to avoid taxes, hide or reduce income.

Clarification of taxpayers' mistakes and shortcomings related to the misunderstanding of the tax legislation supplemented by new terms will help to increase the tax culture among taxpayers. Although it is intended to review the tax legislation, numerous changes in the tax system are difficult not only for the taxpayer, but also for the employees of the tax authorities.

Today, as in the past, tax debt remains a serious problem.

At the same time, tax revenues from personal income tax and corporate profit tax amounted to 40%, while in 2017 their share decreased to 12.5%. This is explained by the decrease in world prices of raw materials, the decrease in the income of enterprises in the oil and gas sector, non-ferrous metallurgy. At the same time, the decrease in personal income tax revenue created the task of paying off wage arrears and revising the tax rate, which allowed to reduce the tax exemption level by 10-15%. Overall, income tax fell to 12 percent in real terms.



Debts in the budget appear at the expense of low-profit and insolvent enterprises, and this is evident from the fact that it is from 32% in Surkhandarya region to 51% in Syrdarya region.

In addition, tax revenues lead to the creation of large stocks of undemanded products. The Tax Inspectorate noted that the finished products of these enterprises were not in demand at the auctions held.

Therefore, it is necessary for the tax authorities to monitor the activities of their employees (inspectors) that ensure the regular calculation of the main tax revenues to the budgets of all levels of the enterprises with the largest debts to the budget in order to reduce and eliminate tax debts.

By studying materials, budget revenues, we can identify a number of reasons for the lack of taxes and fees. They are:

- a comprehensive study of the reasons for the growth of indebtedness in the regions, the lack of implementation of the practice of the special commission allocated to the sector by the tax administration and other interested agencies. At the same time, the Ministry of Finance of the Republic of Uzbekistan or managers of the debtor's enterprises review the results of the audit and carry out reverse control with appropriate measures against them:

- tax inspectors did not consider the main issues while taking special measures to eliminate the shortcomings in this regard.

- improvement of taxation and tax collections, which have a negative impact on the reduction and liquidation of debts and other mandatory payments to the budget;

- organizational, economic and normative legal deficiencies reduce the level of tax revenues and lead to an increase in the amount of debts;

- the departments of compulsory collection of debts to the budget did not work effectively, proposals aimed at eliminating the reduction of indebtedness were not included;

- tax payments to enterprises (organizations) will begin to be delayed, despite huge losses for the budget. During 2017, the extension of tax payments in the amount of 135.8 billion soums was presented, in which the government of the republic provided 119.5 billion soums. soums, Ministry of Finance - 10.0 billion. soums, tax authorities - 3.2 billion. is soum. This situation is similar to 2018 (9 months);

- solving the problem - developing a procedure for debt restructuring of requests for payments to the budget. Thus, the debts of the surveys do not prevent the activity of enterprises and the introduction of current payments by them;

- it is necessary to conduct a comprehensive analysis of the state of indebtedness of producers of agricultural goods and to develop measures for their liquidation, to consider the issue of establishing the scope of relations between enterprises and enterprises.

This year, the problems that arose with the creation of additional benefits for Uzbekistan and the reduction of VAT are occurring. In this case, we must protect ourselves from very dangerous steps. The country's economy and finances are at a stage of rapid development. At the same time, due to the high VAT rates in other CIS countries, the competitiveness of goods in the markets of Uzbekistan should increase. The flow of cheap products from China, Russia or Turkey to the Uzbek market has a negative effect on local producers, which leads to lower tax rates in the Republic of Uzbekistan. The reduction of the VAT rate will cost 21.5 billion of the republic budget in 2018. leads to loss of soum.



Such situations may worsen the budget situation and increase the rates of other taxes. Thus, the task is to create a group of taxes that will bring significant enough revenues to the budget with a broad base.

Undoubtedly, by increasing the level of enforcement of tax legislation, improving tax administration and compliance with tax legislation, budget revenues of 16,522 trillion will be raised in 5 years. allows to increase to soum.

There is a tendency to simplify the tax system in the globalized world. The stronger the tax system, the easier it is to determine economic results, the managers of enterprises do not worry about preparing reporting documents, and they have more time to think about reducing production costs, not taxes. In this case, the tax authorities will be able to closely monitor the correctness of paying taxes.

Therefore, such a situation or change confirms the existence of a single value added tax in a number of countries.

However, the tax system in our republic has a very complex structure. This includes various taxes, deductions and fees. The amount of such payments makes taxpayers make a lot of mistakes in transferring taxes, as a result of which the company is forced to pay penalties for not paying taxes on time.

Another disadvantage of our tax system is its instability. Taxes are immediately canceled without working for 3-5 years.

Undoubtedly, constant changes in taxation will destabilize our economy and increase economic instability. Therefore, in order to get out of the situation of instability, it is necessary to create a tax system that allows enterprises to work under normal conditions.

## Conclusion

In short, the main tasks of the state's modern tax system can be determined by the regional economy. They should focus on the following basic requirements:

- taxes should be as minimal as possible;
- the tax system must comply with the structural economic policy, have specific economic goals;
- taxes should serve a fair distribution of income, tax payers cannot be taxed twice;
- the procedure for collecting taxes should ensure minimal interference in the private life of the taxpayer;
- discussion of draft laws on taxation should be open and transparent.

We need to follow these main circumstances in the formation of the tax system.

Thus, in creating a rational management system:

- creation of qualitatively new types of additional tax conditions;
- providing methods of regulating the flow of investment capital through taxes for the growth of investment demand;
- creation of optimal conditions for effective cash flow;
- creates new jobs;
- has a positive effect on the development of existing investment institutions;
- reducing the uncertainty of investments (investment flows);
- ensuring the availability of complete and reliable information provided by independent organizations, reducing the level of distrust among the population, and also creating certain guarantees for investors;
- to increase the growth rate of investments.



In our opinion, the conditions for the creation of such reasonable information and management financial institutions are, first of all, the availability of qualified personnel, secondly, a relatively developed investment market, thirdly, a high demand for information, and finally, the existence of mechanisms for regulating the tax system of our country.

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