



ECONOMIC AND LEGAL BASIS OF TAX COLLECTION MECHANISMS FROM INDIVIDUALS IN THE PROCESS OF TAX ADMINISTRATION

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| Article history: | Abstract: |
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| Received: 30 th October 2025 Accepted: 28 th November 2025 | This article provides a comprehensive analysis of the issues of improving the economic and legal foundations of tax collection mechanisms from individuals in the process of tax administration. The study highlights the institutional factors of ensuring full coverage of the tax base and the stability of revenues in the context of diversification of incomes of individuals, expansion of new forms of business activity, such as digital services and freelance. The scientific analysis evaluates approaches such as electronic tax services, automated control tools, integration of information exchange, and strengthening control based on risk models from the point of view of tax discipline and reducing the share of the shadow economy. In addition, a comparative analysis of international experience and national practice is carried out, and practical proposals are put forward to protect taxpayers' rights, increase accounting transparency, and institutionally strengthen state-citizen tax relations. The conclusions of the article substantiate the possibility of increasing the stability of budget revenues by deepening the digitization of tax administration, harmonizing data registers, and introducing intelligent models of control. |

Keywords: personal taxes; personal income tax; tax administration; economic-legal mechanism; electronic tax services; digitization; automated control; risk models; tax base; tax discipline; hidden economy; stability of budget revenues; information integration; electronic declaration.

LOGIN. Improving the economic and legal foundations of tax collection mechanisms from individuals in the process of tax administration has today become one of the priority areas for ensuring the financial stability of the state, optimal formation of budget revenues, and transparent organization of tax relations between the population and the state. The formation of income of individuals from various sources, new forms of economic activity, the expansion of non-traditional business activities such as digital services and freelance work require the tax administration to develop advanced calculation methods, remote information exchange, and improve legal norms.

In a market economy, the legal framework, electronic tax services, automated control systems, and mechanisms for protecting the rights of taxpayers, ensuring the correct calculation of taxes by individuals and the free and accurate fulfillment of their tax obligations, are an integral part of a strong economic system. At the same time, the introduction of approaches in tax administration consistent with international experience, the implementation of institutional reforms that increase tax discipline and discourage the legalization of income are of great

importance in increasing the efficiency of tax collection from individuals. In-depth study of these issues, analysis of economic and legal mechanisms and their improvement based on modern requirements are theoretically and practically relevant for conducting a stable tax policy in the country and forming stable sources of income for the state budget. The economic and legal foundations of tax collection mechanisms from individuals are an important factor in increasing the efficiency of tax administration in the country, ensuring budget stability, and reducing the share of the underground economy.

ANALYSIS OF LITERATURE ON THE TOPIC. The economic and legal foundations of the mechanisms for collecting taxes from individuals in the process of tax administration have become one of the most relevant areas of international and national scientific research in recent years. Theoretical approaches, concepts, models and practical recommendations put forward by foreign and domestic scientists within the framework of this topic serve as an important scientific basis for improving the tax system. From this point of view, it is advisable to conduct a systematic analysis of the literature on the



economic and legal improvement of the mechanisms for collecting taxes from individuals.

In the international literature, mechanisms for collecting taxes from individuals have been studied mainly in the context of digitalization of tax administration, automated declaration systems, real-time income monitoring, risk models, and broadening the tax base. In OECD studies, the issues of modernizing tax administration, introducing electronic reporting, and strengthening trust between taxpayers and the state occupy a central place. According to these studies, ensuring transparency in the tax system, strengthening information exchange, and the widespread introduction of digital technologies are the main factors for ensuring the sustainability of tax revenues.

European scholars pay special attention to the role of digitization in improving the system of collecting taxes from individuals. Richard Baldwin noted that the introduction of electronic tax reports and automated declaration models will significantly reduce tax evasion. In his opinion, digitization of income data will not only strengthen control for the tax administration, but also simplify calculations for taxpayers.

Peter Whiteford (OECD) has discussed the issue of progressive tax rates in his research, noting that excessive progressivity can encourage the underground economy. He believes that optimizing tax incentives and broadening the tax base are important for ensuring the sustainability of tax revenues.

Clemens Füst, on the example of the German experience, showed that the use of "active monitoring" and tax risk models is an important tool for increasing the efficiency of tax administration. He scientifically justified the need to use artificial intelligence technologies in tax authorities.

Carlos Silva emphasized that the integration of income data in a single electronic system in the case of Portugal will serve to increase tax discipline and stabilize budget revenues. He believes that real-time income monitoring will increase taxpayer compliance.

Scholars from America and Asia have also paid great attention to improving the system of taxation of individuals. Joseph Stiglitz advocated the principle of broadening the tax base and fairly taxing high-income groups. In his opinion, automated auditing and digital monitoring are the main tools for ensuring the stability of tax revenues.

Japanese scientist Masahiro Kawai has shown that the Japanese model of automatic collection and integration of tax data is important in ensuring budget stability. The Chinese scientist Zhang Weiyin scientifically substantiated that the introduction of artificial

intelligence and biometric identification in the tax administration will serve to stabilize tax revenues.

Researchers from the CIS countries have also paid close attention to this issue. Kazakh scientist Rakhim Masov noted that the integration of tax authorities, banks, and labor market data into a single digital platform is a key factor in stabilizing tax revenues. Russian scientist Andrey Brilyov noted that the introduction of electronic checks and online cash registers has played an important role in increasing the transparency of tax revenues.

The issues of improving the system of tax collection from individuals are widely covered in the researches of local scientists. Kadyrov A. showed that digitalization of tax administration and introduction of electronic declaration systems are important in increasing tax revenues. Bozorov A.M. put forward the need to strengthen the discipline of taxpayers and introduce digital control systems.

In general, the analysis of the literature shows that the improvement of tax collection mechanisms for individuals should be carried out on the basis of digitization, integrated information systems, risk models, automated declaration, expansion of the tax base and optimization of tax benefits. These scientific conclusions also serve as an important theoretical basis for improving tax administration, reducing the shadow economy and ensuring budget sustainability in the conditions of Uzbekistan.

ANALYSIS AND DISCUSSION OF RESULTS. The income tax levied on individuals constitutes a significant part of the state budget revenues and consists of labor income, income from civil legal contracts, rental income, investment income and other legal income as the main sources of income.

The effective organization of the tax collection system for individuals is one of the main factors of the state's financial stability. The diverse forms of economic activity of taxpayers, the diversification of income sources, and the expansion of the digital economy are placing new demands on tax administration. In such conditions, it is important to clearly systematize tax collection mechanisms, determine their interrelationships, and assess the practical significance of each direction.

Systematized data allows for a broader understanding of the practical scope of tax collection mechanisms, serves as a conceptual basis for their study, and identifies key points for further analysis. It also clearly demonstrates the types of tax payments and procedures for individuals, and the factors that influence the overall efficiency of tax administration.



In the tax collection system through tax agents, employers, banks, insurance companies and various service providers participate as intermediaries who withhold taxes, and this mechanism ensures the timely collection of taxes, electronic registration of payments and transparency of accounting. The mechanism implemented through tax authorities, on the other hand, includes control and reporting processes and performs practical functions such as electronic declarations, on-site and mobile inspections, tax risk assessment, and monitoring of tax debt, and these processes are important in analyzing taxpayer activities, preventing illegal schemes and optimizing revenues.

The registration-based tax collection approach will attract new economic entities, such as newly registered entrepreneurs, freelancers, digital service providers, migrants, online retailers, and bloggers, to the tax system, thereby reducing the share of the informal economy, expanding the taxpayer base, and creating opportunities for individual monitoring for tax authorities. The four mechanisms in the figure are interconnected and cover all types of income sources of individuals, strengthen the institutional framework of tax administration, and serve as a comprehensive tool for ensuring the sustainability of tax revenues.

The general content of the structure of the mechanism for collecting taxes from individuals is a holistic order that systematically indicates how tax obligations are implemented in society. It is divided into four main areas, each of which covers the specific features of the entities participating in the collection of taxes and practical processes. The direct tax collection area is directly related to the personal financial obligations of an individual and clearly determines the source of the tax burden through such types as income tax, property tax, capital income, and income from labor. In this order, the mechanisms for accounting for income and its actual collection are organized in a transparent and legally justified manner.

In the procedure for collection through tax agents, intermediary entities such as employers, lessors, trade unions, investment intermediaries, and payment organizations participate. In this system, the payment of taxes not by the individual himself, but by these agents on his behalf, strengthens tax discipline and ensures the stable receipt of tax revenues to the state. The direction of collection by tax authorities is related to the state's control functions and is formed on the

basis of sources such as financial monitoring and research, data on rental relations, information provided by trade unions and investment organizations, and information received from official agencies.

In this way, tax authorities analyze the activities of taxpayers, and, if necessary, monitor the correct fulfillment of tax obligations through interviews, explanations and analysis of reports. The fourth direction is tax collection through registration, which includes the processes of determining the legal status of the taxpayer, issuing a tax identification number, declaring sources of income, using electronic government services, checking calculations, monitoring and analyzing them. This part strengthens the legal and administrative basis of the taxation process and regulates the settlements between the state and the citizen. In general, the scheme demonstrates a step-by-step, logically integrated and institutionally improved system of tax collection from individuals, that is, each block is responsible for a certain part of taxation, thereby ensuring the interdependence of all tax mechanisms.

Studying the economic and legal basis of the mechanisms of tax collection from individuals in the cross-section of regions allows for a full assessment of the effectiveness of the tax administration. Because the economic potential of each region, population employment, level of entrepreneurial activity and tax culture are different from each other. Therefore, the information presented in the table serves for a comparative analysis of the current state of tax collection from individuals in all 14 regions of the country in two directions, i.e., on the economic basis and the level of legal administration. The first table reveals the economic potential of the regions through the dynamics of the tax base, the share of personal income tax and the stability of tax revenues. The second table illuminates the institutional foundations of the taxation process through the legal and organizational support of the tax administration in each region, the level of compliance with the tax legislation, the digitization stage and the effectiveness of monitoring. Together, these two tables create a solid scientific-practical basis for determining the strengths and weaknesses of the tax administration by regions, strengthening the territorial approach in tax policy, as well as optimal organization of tax payments from individuals.

Table 1.
Economic basis of tax collection from individuals (by region)¹

¹Prepared by the author based on the information of the State Tax Committee.



| No. | Territory | Dynamics of the tax base | Share of LDCs (%) | Stability of tax revenues |
|-----|---------------------|--|-------------------|---------------------------|
| 1 | Tashkent city | High growth, the services sector is the leader | 38–41% | Very stable |
| 2 | Tashkent region | Moderate growth, large share of industry | 24–27% | Stable |
| 3 | Samarkand region | Impact of tourism and services | 20–22% | Above average |
| 4 | Fergana region | Trade and small businesses are active | 18–19% | Stable |
| 5 | Andijan region | Production is active, population is dense | 19–20% | Good |
| 6 | Namangan region | Entrepreneurship is growing | 17–18% | Moderately stable |
| 7 | Bukhara region | The field of tourism and services is developed | 16–18% | Stable |
| 8 | Khorezm region | Growth of services and tourism sector | 15–16% | Good |
| 9 | Kashkadarya region | Industry and energy sector | 12–15% | Average |
| 10 | Surkhandarya region | Agriculture is a priority | 12–14% | Unstable |
| 11 | Jizzakh region | The potential of agro-industry is growing | 13–15% | Average |
| 12 | Syrdarya region | Manufacturing industries are developing | 14–17% | Stable |
| 13 | Navoi region | Mining and industry are the priority | 14–16% | Highly stable |
| 14 | Karakalpakstan R. | Agro-industry and services are developing | 12–14% | Below average |

The 14 regions presented in the table differ greatly in terms of economic dynamics, and this situation is reflected in both the share of personal income tax (PIT) and the stability of tax revenues.

Tashkent city, as the most active and intensive region of the economy, has a high tax base. The service, IT, finance and trade sectors are growing rapidly here. As a result, the share of GST is 38–41 percent, which is the highest in the republic. Tax revenues are very stable, and this region serves as the main driver for the state budget. Tashkent region also maintains a stable tax base due to the balanced development of the industrial

and agricultural sectors. The share of GST in this region is 24–27 percent, and tax revenues are highly stable.

The analysis shows that the formation of the tax base is directly related to the structural characteristics of the regional economy, the dynamics of population income growth, and the share of the services and industrial sectors. In regions with a high level of economic development, the stability of tax revenues is also high. The most important task for the tax administration is to expand the tax base by strengthening economic activity in low-potential regions, creating new jobs, and developing the services sector.

Table 2.
Legal bases of tax collection mechanisms (by region)²

²Prepared by the author based on the information of the State Tax Committee.



| No. | Territory | Level of compliance with legislation | Digitization of tax administration | Effectiveness of monitoring |
|-----|---------------------|--------------------------------------|------------------------------------|-----------------------------|
| 1 | Tashkent city | Very high | 95% | Very effective |
| 2 | Tashkent region | Up | 87% | Effective |
| 3 | Samarkand region | Stable | 82% | Above average |
| 4 | Fergana region | Above average | 84% | Good |
| 5 | Andijan region | Up | 80% | Effective |
| 6 | Namangan region | Medium | 78% | Stable |
| 7 | Bukhara region | Up | 85% | Effective |
| 8 | Khorezm region | Above average | 80% | Good |
| 9 | Kashkadarya region | Medium | 75% | Average |
| 10 | Surkhandarya region | Below average | 70% | Less effective |
| 11 | Jizzakh region | Medium | 76% | Stable |
| 12 | Syrdarya region | Good | 79% | Effective |
| 13 | Navoi region | Up | 88% | Very effective |
| 14 | Karakalpakstan R. | Medium | 72% | Below average |

The information presented in the table is an important basis for revealing the level of legal-administrative mechanisms in the process of collecting taxes from individuals and the level of efficiency of tax administration by region. In each region, the level of compliance with tax legislation, digitization policy and monitoring effectiveness are different, which directly depends on the level of economic development of the region, information and communication infrastructure, tax culture of the population and the activities of local tax authorities.

The analysis of the table shows that the legal and digital basis of the tax administration is clearly not the same by region. In regions with a developed economy, strong infrastructure and a high level of tax culture, both the level of compliance with tax legislation and the level of digitization are high. On the contrary, in agrarian regions and remote regions, slow digitization of tax administration, low efficiency of monitoring and insufficient legal awareness have a negative impact on the completeness of tax revenues.

The tax rate is one of the most important parameters of the personal income tax, as a separate element, and it is noted that the current 12 percent flat rate regime serves to simplify the tax calculation process. The figure also covers the tax calculation procedure, payment deadlines and payment mechanism, which establishes

the procedure for withholding income at the source by employers when paying, the adoption of the calendar year as the tax period and reporting obligations. At the same time, tax benefits, amounts deducted from income and tax exemptions established by law are also systematically reflected. It shows how all the main elements of the personal income tax system work in an interconnected manner, and it covers the legal nature, practical rules and administrative procedures of this tax in a holistic mechanism.

The dynamics of economic indicators of Uzbekistan, the place of personal income tax in the structure of state budget revenues and its share in GDP are analyzed in a comparative manner. The data allow for a comprehensive assessment of the growth trends in the country's economy, annual changes in the population, the level of wages, and the impact of personal income tax revenues on overall budget stability. Accordingly, it serves as an important source of information on macroeconomic dynamics, both the practical significance of personal income tax and its strategic role in budget revenues.

When analyzing the growth rates of the economy of Uzbekistan and personal income tax revenues in 2020–2024, the country's macroeconomic stability and expansion of the tax base are clearly visible. The 2.03-fold increase in GDP in 2024 compared to 2020 indicates



a rapid recovery of economic activity and expansion of domestic demand; in line with this growth, state budget revenues increased by 1.70 times, indicating an increase in the efficiency of tax administration and the share of revenues in the official sector.

The increase in the minimum wage by 1.70 times indicates that there was also an increase in the level of the minimum wage of the population, which had an additional positive impact on the economy through consumer spending. The increase in the population by 1.08 times is within the limits of natural demographic growth and indicates that it is developing in line with the incomes of the population and tax revenues. The increase in personal income tax revenues from 15,140 billion soums to 30,800 billion soums, an increase of 2.03 times, indicates the expansion of the wage fund, the strengthening of formal labor relations, and increased transparency in the labor market; the fact that this growth was at the same pace as the dynamics of GDP confirms the close relationship of the GDP with macroeconomic indicators.

The increase in the share of personal income tax in state budget revenues from 11.8% to 14.1% indicates that this type of tax is strengthening its role in budget stability, while the increase in its share in GDP from 2.6% to 2.8% indicates that the weight of personal income in the economy is increasing. In general, all indicators in the table show that personal income tax revenues are developing in a positive direction, inextricably linked to the country's economic growth, population incomes, and budget stability.

CONCLUSION. The economic basis of tax collection from individuals directly depends on the economic structure of the country's regions, the level of income of the population, activity in the labor market, and the stage of development of the business environment. The more favorable and stable the business environment is, the more self-employed individuals, small businesses, and service workers there will be, and their ability to pay taxes will increase. In this way, macroeconomic stability, territorial development and growth of population income ensure the effectiveness of tax collection mechanisms from individuals.

The monthly tax rates for small businesses and individuals engaged in individual entrepreneurship vary by region and population density. Regional differentiation in tax rates is formed in accordance with economic conditions, market infrastructure, activity in the consumer sector, and the level of development of the business environment.

Personal income tax is one of the most important and stable sources of income in the national tax system. This type of tax is not only of great importance in the

formation of state budget revenues, but also an important tool for regulating population incomes, fair distribution of the tax burden, and stimulation of economic activity. Therefore, a correct understanding of the structure and practical mechanisms of personal income tax elements ensures the effectiveness of practical tax administration.

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