



## FOREIGN EXPERIENCE OF IMPROVING TAX ADMINISTRATION

**Babaev Farrukh Mansurovich**

Research Center "Scientific Foundations and Problems of the Development of the Economy of Uzbekistan" under the  
Tashkent State University of Economics  
ORCID: 0009-0000-2500-337X

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| <b>Received:</b> 28 <sup>th</sup> September 2024<br><b>Accepted:</b> 26 <sup>th</sup> October 2024 | This article is devoted to the investigation of international experience in improving tax administration and assesses their applicability to Uzbekistan. Moreover, the article examines theoretical foundations of efficient tax administration, analyzes examples of successful reforms in selected countries, as well as identifies opportunities for introducing this practice in Uzbekistan. |
| <b>Keywords:</b> tax, efficiency, tax administration, tax policy                                   |  |

### INTRODUCTION.

Over the past few decades, a number of countries around the world have radically renewed and restructured their tax systems. In the process they have used advanced innovation-based approaches to streamline processes, strengthen the fight against tax evasion and increase compliance. In reliance upon this fact, successful international practices have demonstrated effective results in many countries and have become a model for others.

In the conditions of Uzbekistan improving tax administration is not only a financial necessity, but also has strategic significance in the process of modernization and deeper integration into world economic relations. Therefore, when applying international experience, there is a need to bring them in compliance with the specific economic, social, and institutional conditions of the country. When global standards and approaches adapted to local conditions are combined, it becomes possible to shape an effective model of tax administration in Uzbekistan.

### LITERATURE REVIEW.

Tax administration in different countries varies considerably due to institutional models, economic conditions, and political orientations. Accordingly, tax administration processes play a significant role in generating revenues, ensuring social justice, and promoting economic development.

From the point of view of Araki and Claus (2014), "A comparative analysis of tax administrations in 22 economies in the Asia-Pacific region highlights varying levels of administrative efficiency and the importance of institutional frameworks for sustainable tax systems".

Developed countries emphasize equity and technological progress, while developing countries focus more on income mobilization due to weak institutional frameworks. Prioritizes fairness in tax systems through progressive income tax and progressive compliance measures. These strategies balance revenue generation with public trust (Rumasukun & Noch, 2023).

According to Karafo (2018), "Tax authorities in developing economies face challenges such as low technology, weak enforcement, and limited taxpayer awareness, which affect efficiency. These loopholes result in high levels of tax evasion and limited revenue collection opportunities".

In the opinion of Andreiev et al. (2018), "As observed in EU countries, integration of information technology in tax practice significantly improves administrative efficiency and compliance. Countries like Spain and Austria are leading the way in adopting digital platforms to simplify tax compliance".

From the point of view of Dyachkov (2022), "In the oil and gas sectors, the tax policy adapted to the characteristics of resources improves revenue management. For example, discounted oil tax models in oil-producing countries adjust fiscal policy in compliance with the periods of resource use".

Barker (2005) thinks that "post-apartheid South Africa used tax reforms to address socio-economic disparities. Introduction of capital taxes demonstrates how tax policy can be adapted to broader social and political goals".

In reliance upon the research of the above scholars, significance of institutional efficiency, technological innovation, and adaptive policy approaches becomes more evident by studying the practice of tax administration. It is when these methods are implemented together that the efficiency of tax systems increases and the potential for significant results for countries implementing reforms is created.



## **ANALYSIS AND DISCUSSION OF RESULTS.**

A number of countries have implemented effective reforms and specific strategies to improve their tax administration systems, each with its own unique approaches tailored to the specific challenges of its circumstances. On the basis of these international experiences, several universal practices have been shaped, which, when adapted to local conditions, allow to enhance efficiency of tax collections, reduce cases of tax evasion and strengthen public confidence. Meanwhile, a comparative study of tax administration practices in different countries identifies various strategies that can improve efficiency, compliance, and transparency.

We believe that Uzbekistan should particularly focus on developed and developing economies in order to learn from the most successful reforms and innovations. The number of countries considered in the comparative analysis of this study may be limited, but the main goal is to assess the existing systems, structures, and approaches to tax collection, implementation, and enforcement in different regions or countries. Such an analysis allows identifying strong and weak points in tax administration, as well as identifying opportunities for improvement.

Introduction of technologies into tax administration has fundamentally changed the way tax collections, processing, and control are handled. Currently many countries have implemented electronic tax systems that enable taxpayers to file tax returns, make payments, and track their tax returns online.

As evidenced from South Korea, the use of big data and artificial intelligence technologies is playing an important role in identifying tax evasion, rationally allocating resources, and ensuring the accuracy of tax calculations. At the same time, digitalization enables reducing administrative costs, increasing transparency, improving tax compliance, and minimizing human error and corruption.

Tax simplification policies will greatly reduce the burden on taxpayers and regulators. Because inflexible, complex tax codes often foster misunderstandings, non-compliance, or tax evasion. If processes are simplified, taxpayers will more easily comply with laws and regulations, and tax authorities will have ease in collecting, processing and controlling data. New Zealand has one of the simplest tax systems in the world. It has a straightforward, transparent income tax system with minimal legal loopholes. Moreover, use of a single tax identification number for both personal and business tax transactions at the same time reduces complexity.

The United Kingdom requires entities to keep digital records and submit returns online through its Making Tax Digital initiative. Such an approach simplifies the reporting process, reduces possibility of errors and allows tax authorities to monitor the status of compliance in real time. A simplified system in this way improves the flow of information, improves relations among the population, while reducing the administrative burden and achieving overall efficiency.

Risk-based approaches are common in foreign practice. By replacing general audits with targeted audits based on risk analysis, resources are directed to risky sectors. For example, in Canada, risk assessment methods focus more on large enterprises or sectors that are subject to high levels of reporting, where there is a high likelihood of violations. Moreover, taxpayers considered more "safe" are audited less frequently - this enables for optimal allocation of audit resources, increases efficiency, and reduces unnecessary audits.

Mexico, on the other hand, applies compliance monitoring programs that use data analysis to identify discrepancies between reported revenues and expenditures. This allows tax authorities to focus on the entities with tax evasion. As a result, audit policies based on risk profiles increase tax collection efficiency, ensure a rational allocation of audit resources, and allow for identification of taxpayers who are more likely to engage in fraudulent behavior.

The Public-Private Partnership (PPP) model relies on the cooperation between tax authorities and private sector participants and aims to improve tax collection and enforcement processes. This partnership aims to improve tax administration by leveraging the expertise, technology and resources of the private sector.

In India the government has reduced tax compliance problems for individuals and businesses by partnering with private companies to introduce electronic filing and electronic payment systems. These systems are easy to use and efficient, and encourage voluntary compliance by taxpayers.

Brazil has implemented a state-of-the-art system that enables large businesses to provide real-time tax information directly to the government. Through this mechanism, tax collections have increased and the possibility of tax evasion has been significantly reduced. Undoubtedly, the public-private partnership model is essential for enhancing efficiency of tax collection, reducing administrative costs, and strengthening compliance and enforcement.

Under current globalized era, informing and educating taxpayers about their rights and obligations plays an important role in improving compliance. Many countries have implemented special training programs that provide clear and understandable information about tax laws, processes, and the benefits of paying taxes. Through such programs, it is possible to create a law-abiding culture among the population and increase confidence in the tax system.

It should be noted that it is crucially important to inform taxpayers about their rights and obligations. The Inland Revenue Authority of Singapore (IRAS) provides clarity on tax rules by providing clear campaigns, resources and seminars for individuals and companies. Moreover, the Australian Taxation Office is reducing confusion and encouraging



voluntary compliance by introducing online resources, helplines and special support programs for small businesses. This will reduce the likelihood of violations and build strong, trusting relationships between taxpayers and tax authorities. Reducing corruption is also crucial to ensuring fairness and trust in tax administration.

Denmark uses the mechanisms to hold tax authorities accountable through strict internal controls, regular audits and transparent reporting. In the USA the Internal Revenue Service (IRS) minimizes bribery by regularly monitoring corruption risks, vetting employees, and regulating the relationship between tax authorities and taxpayers with clear rules. Such measures improve confidence in the tax system, reduce bribery and ensure fairness.

Data analysis and the use of big data (Big Data) are becoming increasingly important in tax administration. South Korea attempts to forecast the situations with a high probability of tax evasion through data analysis and artificial intelligence. In the UK HMRC uses sophisticated analytics to track transactions and identify discrepancies between tax payments and actual activity. These approaches enable more targeted inspections, early detection of irregularities, as well as improve overall efficiency.

In conclusion, to improve tax administration it is crucially important to involve technology in international practices, simplify processes, strengthen risk-based controls, establish public-private partnerships and educate taxpayers. These practices, when adapted to local conditions, can significantly improve the tax system in countries like Uzbekistan, effectively collect government revenues, and ensure economic stability.

## **CONCLUSION.**

To improve the tax administration system in Uzbekistan particular attention should be paid to a number of priority areas. Digitalization processes, tax law reforms, as well as the ongoing measures such as broadening the tax base are serving as important foundations in the coming years. However, the complexity of the system, inconsistencies between statutory acts, limited public awareness and cases of corruption hinder the full use of the existing potential.

Adapted international advanced practices can be used to overcome these problems. In particular, in this regard it is essential to simplify tax compliance processes through the widespread use of digital technologies, pre-schedule detection of tax evasion through the introduction of risk-based audit systems, encourage voluntary compliance by increasing taxpayer knowledge, reduce corruption through robust institutional mechanisms that ensure fair processes, and simplify the tax structure to reduce tax burdens.

Furthermore, these measures require a unified approach in such areas as strategic planning, institutional capacity building, and ensuring stakeholder engagement. Moreover, by combining advanced international experience and existing conditions, Uzbekistan will not only achieve its fiscal goals by making its tax administration system more efficient, fair, and transparent, but can also be recognized as a model country in the region in the field of modernized tax administration. As a result, the country will undertake significant steps towards strengthening its fiscal sustainability, deepening economic development and improving effectiveness of general management.

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