

## ISSUES OF ENHANCING THE LEGAL CULTURE OF TAXPAYERS IN IMPROVING TAX

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### ABSTRACT

The article deals with the formation of the legal culture of taxpayers and the promotion of the fulfillment of their tax obligations, it is important to implement educational programs related to taxes and tax payments, simplify tax legislation and tax administration, and ensure transparency of revenues and expenditures of the state budget.

**Key words:** tax system, tax burden, types of taxes, tax reform, tax concept, tax administration, tax and mandatory payments.

Timeous formation of revenue of State budget and trust funds, as well as their allocation to financing certain areas is directly related to the timely and full payment by taxpayers of taxes and other obligatory payments. Currently, the share of taxes in the formation of state budget revenues is 94%. And this, in turn, shows the role of taxpayers obligation fulfillment in the formation of the state budget. In the Address of the President of our country to Oliy Majlis dated December 28, 2018, it is specifically noted that our citizens should not avoid paying taxes, but be interested in paying them in a timely manner; and the new edition of the Tax Code should provide incentives for conscientious taxpayers, which are the pillar of country development, and severe punishment for those who operate in the “shadow”. Shortly, the head of the state emphasized that it is necessary to introduce into the minds of people the idea that they are interested in the timely payment of taxes instead of tax evasion.

As noted by the researchers, at present, the most effective mean is to develop other methods that require less costs and expenses to increase the culture of paying taxes, including ensuring that taxpayers pay taxes in good faith, and developing mechanisms to stimulate conscientious taxpayers.

Based on the experience of developed foreign countries, the following methods are proposed to increase the collection of taxes and tax culture in our country:

**Firstly**, in the context of tax reforms and the transition to a new tax system, it is necessary to effectively use working propaganda technologies aimed at the full and correct payment of taxes.

**Secondly**, it is necessary with the help of tax authorities, non-governmental non-profit organizations operating for the development of entrepreneurship, public councils established under government bodies to regularly conduct surveys and studies to study the attitude of taxpayers to tax policy and tax administration, to conduct more research to increase the tax culture and their stimulation.

**Thirdly**, it is necessary to determine the standards of services provided by the state tax authorities, SUE “Solik-service” and its territorial centers in places, as well as the principles of relationship with taxpayers. It is expedient to later define these standards as the main criterion for assessing the activities of tax authorities, publish quarterly reports on compliance with these standards, and ratings of tax authorities.

**Fourth**, in the context of the transition to a new tax system, it is necessary to effectively use such mechanisms as making operational decisions and clarifying inaccuracies, misunderstandings or unresolved issues.

**Fifth**, while exposing and eliminating tax-related offenses, it is proposed to differentiate liability and punishment measures depending on the level of participation of the taxpayer, further liberalization of sanctions for cooperation with tax authorities in exposing a tax offense, a voluntary statement of a tax violation and further liberalization of sanctions for its complete elimination.

**Sixth**, the introduction of alternative tax sanctions is proposed. In order to discredit taxpayers who evade paying taxes or are in debts exceeding a certain norm, there is also a proposal to introduce the practice of quarterly announcing their lists.

Ensuring the timely and complete receipt of taxes and other obligatory payments to the state budget can be achieved only with strict observance by the taxpayers to the current legislation, that is, i.e. their high legal and tax culture.

Legal culture means a respectful attitude of a person to current laws and the conducting their activities with the voluntary observance of established rules. The tax culture of citizens is part of their legal culture, and is expressed in their full understanding of the importance of taxes for the state and society, as well as knowledge of their rights and obligations to pay taxes and other obligatory payments.

A large number of cases of tax evasion, developing a shadow economy mean a low level of legal culture of taxpayers. A taxpayer with a high level of responsibility is fully aware that the taxes and other obligatory payments paid by him are used to finance the state's defense and security, education, healthcare, and pension provision of the population.

Decree of the President of the Republic of Uzbekistan No. 5116 "On measures to radically improve tax administration, increase tax collection and other obligatory payments" dated July 18, 2017 states that the presence of certain problems in improving the legal culture of taxpayers has a negative impact on ensuring stable sources of funding for programs socio-economic development of the country.

Studies conducted by scientists show that the reasons for the low level of legal culture or tax culture of taxpayers are the lack of awareness of taxpayers about the expenditure of state budget, the low level of trust of the taxpayer in the state tax authorities, the complexity of the processes of tax legislation and tax administration of the country.

The World Bank ranking in the field of doing business gives the experience of countries that take high places in terms of tax payments. Among them, the United States occupies the most prominent positions. In order to remind citizens why taxes are used and call them to pay taxes voluntarily, in the state tax body of the country - on the portal of the central building of the Internal Revenue Service the words of Oliver Holmes (1809-1894), who worked as a judge of the US Supreme Court are carved: Taxes are what we pay for a civilized society, ("taxes are payments for the opportunity to live in a civilized society").

In the United States, persons with a large tax debt (over \$ 51,000), if the debt is not eliminated, a passport will not be issued or exchanged, or the issued passport will be canceled. At the same

time, all creditors are informed of the presence of tax debt on the person. As a result, this person may be rejected while applying for a job, providing a loan, or renting.

Adam Smith, a Scottish scientist who lived in the eighteenth century and founder of the theory of taxation, states in his work “Research on the Nature and Causes of the Wealth of Nations” that “citizens of the state, as far as possible, in accordance with their abilities, strength and power, that is, in accordance with income received under the auspices and protection of the state revenue they should participate in the preservation of the government.” Citizens, paying taxes and other obligatory payments, must realize that they are obliged to directly participate in the financial provision of state activities.

An important role in improving the legal culture of the population is played by ensuring a high level of organization of outreach work, access for taxpayers to tax laws, and the existence of an effective system for their training and counseling.

Emphasizing the important role of legal culture in increasing the collection of taxes and other obligatory payments, in paragraph 1 of the aforementioned Decree, raising the legal culture of taxpayers is defined as a priority area for reforming the system of state tax service bodies of the Republic of Uzbekistan.

Taxpayers with a high legal culture are well aware of the importance for the state and society of fulfilling their obligations, comply with the requirements of tax laws, and also timely and fully fulfill their tax obligations. In this regard, it is necessary to urge taxpayers to contentiously fulfill their tax obligations. All this can be achieved by conducting a large-scale explanatory work by the state tax service, expanding taxpayers' knowledge of taxes, and assisting them in fulfilling their tax obligations.

For example, in New Zealand, the legal knowledge of taxpayers, that is tax law, was enhanced through a separate Community Relationship Advisory Program that promotes individuals and entrepreneurs. This program of the Internal Revenue Service is aimed at studying any claim of taxpayers by tax authorities and assisting them in fulfilling tax obligations. Educational

programs implemented by the tax authorities of Malaysia are aimed at providing taxpayers with more information and explaining them the importance of fulfilling their tax obligations.

In order to increase the legal culture of taxpayers, it is important to ensure transparency of the state budget processes. Each taxpayer must provide information on what purposes the taxes paid by him and other obligatory payments are spent. For example, scientists at the University of Paderborn who studied the impact of knowledge of budget expenditures and taxes on taxpayers' fulfillment of their duties, came to the conclusion that the launch by the German Federal Government of an interactive tool on the Internet that brings information about the income and expenditures of the federal budget to citizens, for what purposes taxpayer taxes are spent is important in the fulfillment by taxpayers of their obligations.

Malaysian scientists who studied the impact of budget transparency and tax education also believe that the most effective way to improve tax compliance is to implement educational programs for taxpayers.

In the ranking of the World Bank on doing business as the countries that have achieved effective results in this matter, Singapore and Ireland are especially noted.

In Ireland, tax authorities regularly conduct research and surveys to improve the sphere. According to their results, it is noted that psychological factors (in mutual correspondence using not automatically generated letters, but individualized letters, simplifying the forms of submitted reports, instead of a strict tone, letters with a more delicate treatment) have a positive effect on payments.

In the country, the system of holding accountable for a tax offense is aimed at fulfilling obligations by taxpayers and voluntary elimination of offenses. Sanctions for the same offense are differentiated depending on cooperation with the tax authorities, elimination of the tax offense after the push (without warning about checking the tax administration) or as a result of the push (after warning about the check before it starts), on what part of the total tax obligations not fulfilled (up to 15 percent or more) or reoffending.

As a punishment measure, Ireland publishes quarterly lists of tax evaders.

In this eastern country, while maintaining the secrecy of the person who informed about this, he is presented with a bonus of 15 percent of the amount identified and recovered with the help of his information, but not more than \$ 100,000.

When taxpayers address for unresolved, unclear or similar issues, decisions, the clarifications and comments made by the tax administration are published. Similar issues in the future encountered by other taxpayers may be based on this decision.

There are the defined standards of services provided by tax authorities in the country. These standards include rules starting from responses from “call centers” to phone calls to the deadlines for the return of excess payments. For example, these standards stipulate that 85 percent of calls should be answered in one minute, 80 percent of emails within 5 days, service in 15 minutes to all (100 percent) taxpayers who arrived at tax authorities, the return of all excess payments within 30 days.

When evaluating and further improving tax policy and tax administration, it is provided that an objective and independent tax institution conducts a survey every two years, focuses on dialogue with representatives of business communities, public councils, tax agents, consultation and feedback mechanisms.

President of the Republic of Uzbekistan Sh.M. Mirziyoyev in his Address to Oliy Majlis dated December 22, 2017 highlighted this issue, and noted that we must ensure that budget revenues and expenses are transparent to the people.

The draft State program for the implementation of the Strategy of Action for the five priority areas of development of the Republic of Uzbekistan in 2017–2021 in the Year of Active Entrepreneurship, support for innovations and technologies provides for the preparation of a draft regulatory document by July 2018 aimed at ensuring specific mechanisms for transparency of revenues and expenditures of the state budget and extra budgetary funds for the people, taking into account public opinion when discussing the draft budget.

The simplicity of tax legislation, the availability of tax administration also plays an important role in the formation and improvement of the legal culture of taxpayers.

The implementation of the following work by the state tax authorities on the formation and improvement of taxpayer knowledge is important:

1. creation of permanent information booths for advising taxpayers;
2. publication of materials on issues related to tax legislation in local publications;
3. continuous broadcasting on television and radio programs in the tax sphere;
4. broadcasting social videos on the use of paid taxes on central and local television;
5. improving the quality of tax law seminars;
6. creation of departments in the district state tax inspectorates that provide advices within 24 hours.

The implementation of the abovementioned measures is important to increase taxpayers' knowledge in the field of taxes, as well as the timely and voluntary fulfillment of their tax obligations

To summarize, we can say that in the formation of the legal culture of taxpayers and the promotion of the fulfillment of their tax obligations, it is important to implement educational programs related to taxes and tax payments, simplify tax legislation and tax administration, and ensure transparency of revenues and expenditures of the state budget. We consider it is expedient to take into account the abovementioned recommendations that contribute to the development and implementation of measures aimed at improving the legal culture of taxpayers.

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