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2

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INFORMATION FUNCTION OF TAX ADMINISTRATION - FOREIGN  
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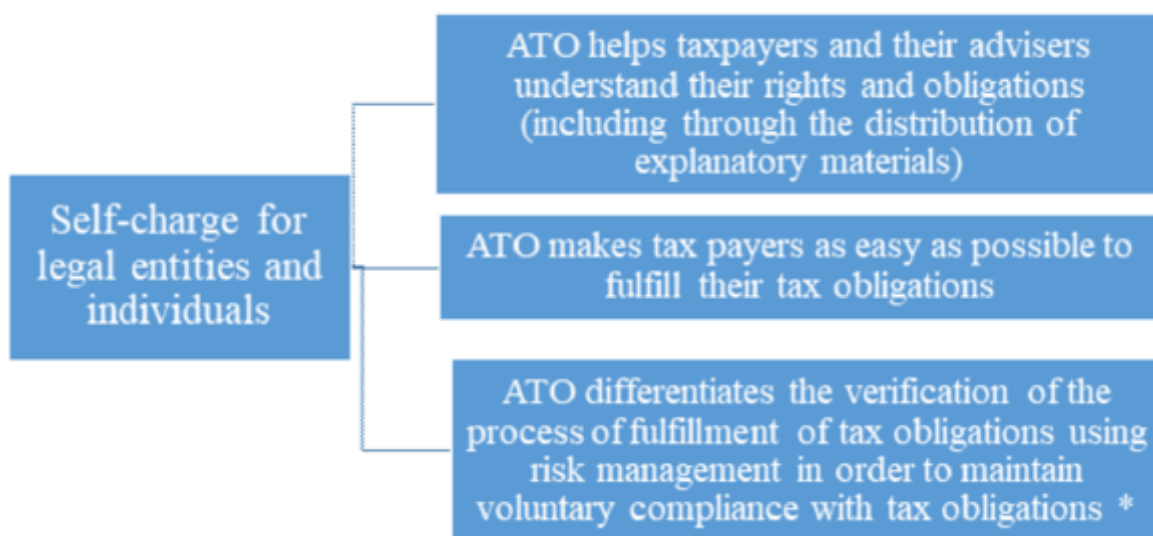
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*Abstract: The modern paradigm of tax administration development is based on positive motivation. First of all, tasks of increasing confidence and improving the image of tax service are obviously being addressed. The ultimate goal of serving taxpayers is believed to be reduction in the number of unintentional mistakes, assistance in resolving disputes, support and creation of conditions for bona fide payers, and on that basis, the release of forces and means to combat conscious tax evasion. In this article, main focus is given to the outreach of the tax authorities, which, according to the OECD, are leaders in the area of tax administration: Australia, New Zealand, USA, Canada, etc.*

*Keywords: tax administration, tax management, tax liabilities, taxpayer, tax system, taxes.*

Australian Taxation Office (ATO) engaged in the management and formation of revenue systems, which determines the impact on the social and economic policy of the country and its role in financing services for Australian citizens. The ATO business model expresses its business intentions and administers the tax system .

In order to maintain self-assessment and a high level of voluntary fulfillment of their tax obligations by taxpayers, ATO has developed the so-called "right environment". The "right environment" includes the use of modern technology, information, advice, service and enforcing fulfillment of tax obligations of taxpayers. It also includes recognition and support of other participants in the tax system: tax agents, accountants, software suppliers, etc.



\* This part of the business model is not related to explanatory materials, however it is part of the business model.

Supporting activities of ATO include two main functions:

- ensuring the understanding of taxpayers on their rights and duties by providing accurate and timely information, answers to questions of taxpayers for future fulfillment of their tax obligations;
- creation of easy conditions for fulfilling tax obligations by providing effective ways for transferring taxpayer information, making payments and receiving tax returns electronically through e-tax, the portal of tax agents and the business portal.

Information is provided in the form of brochures, informational booklets with instructions, as well as other documents in print or electronic form.

Information on the structure of the tax service, more precisely: the number of tax service offices, employees of tax authorities, their distribution by tax service levels, is publicly available. All explanatory materials of ATO are divided by market segments (i.e., the audience of taxpayers): explanatory materials for individuals, legal entities, large and international companies (separated into a separate segment), non-profit organizations, tax professionals. In addition, based on the range of functions of the ATO (dealing with pension issues), segments are identified, and subsequently, explanatory materials for professionals in the pension sector and directly on pension issues, as well as explanatory materials for the "aggressive tax planning" segment.

Secondly, in addition to this, all explanatory materials are divided into materials:

- on specific taxes functioning in Australia
- on economic operations, which are at the same time reflected in several taxes and / or frequently occurring and raising questions on events characteristic and / or priority for the Australian economy;
- on general tax matters.

To illustrate operations that are characteristic and / or priority for the country's economy, we can highlight explanatory materials, for example, on the following topics:

- a) a family where issues of tax benefits in this area are examined;
- b) aggressive tax planning;
- c) fuel schemes, where the issues of taxation of biodiesel, sales are reflected;
- d) fuel for heating in the homes of individuals, etc.;

United Kingdom's Federal Tax and Customs Service was recently established on April 18, 2005, by merging its Majesty's Office of Customs and Excise and the Internal Revenue Service.

Therefore, if the taxpayer is interested in issues related to the rights and obligations of the new tax service, in particular, the provision of information to taxpayers, he turns to the Code of Internal Revenue Service or the Official Notices of Her Majesty's Customs and Excise Duty, respectively. The code of practice, in particular, speaks of different ways of providing information and advice. The Rule regarding the information and advice of the Code of Rules says "Our goal is to help the taxpayer understand his rights and obligations so that he can interpret taxable business transactions correctly and pay taxes on time." Information on the structure of the tax service, namely: the number of tax service offices, employees of tax authorities, their distribution by tax service levels, is publicly available.

#### **Irish Revenue Commissioners**

In the Service Charter of the Office of the Tax Commissioners of Ireland, the

Information and Assistance section says that the taxpayer can expect to receive the necessary information and assistance in order to understand and fulfill his obligations to pay taxes and duties. In the basic principles of the Standards of services provided to taxpayers, a more detailed description of the provision on the receipt by the taxpayer of the necessary information is given

Tax authorities provide taxpayers with various ways to obtain information on tax issues. Actual information on taxes and duties for business representatives, individual entrepreneurs and individuals is provided through the website of the tax authority.

A wide network of tax departments provides answers to inquiries by phone, in addition, there is a wide range of different information booklets. General information about tax authorities is presented in the teletext service: the number of tax service offices, employees of tax authorities are distributed by tax levels service.

All information for legal entities is divided into information on the topics: doing business, which includes, for example, the subsections for starting a business (for example, tax registration, taxes), business and customs (for example, import-export outside the EU, transit system), international taxation issues, leadership, joint work of the tax service and large companies in fulfilling tax obligations, as well as a number of specific topics. The Canada Revenue Agency is responsible for administering tax programs and providing economic and social benefits. It also administers certain tax programs at the provincial and territorial levels. In addition, the Agency may partner with provinces, territories, and other government agencies for the administration of non-harmonized taxes. Therefore, Canada Revenue Agency deals with administration: tax laws at the level of the Government of Canada and most provinces and territories; and various social and economic benefits and incentives provided through the tax system. The agency works on the basis of the fundamental belief that taxpayers are most likely to comply with the law if they are treated honestly and provided with the information, advice and other services that they need to fulfill their obligations.

The agency wants to be sure that the taxpayer is aware of its obligations, receives all its benefits, and also understands and can exercise its rights. The Agency is constantly setting new challenges to improve the provision of information, advice and other services to taxpayers. The Declaration "Your Rights" says "You have the right to receive complete, accurate and understandable information about your rights, benefits and obligations."

As a follow-up to this declaration, a guide has been issued that addresses in more detail the issues of taxpayer rights. The administration of real estate tax is carried out by tax assessment offices at the provincial or municipal level. Explanatory materials can be divided into the following groups by:

- type of client of the tax service;
- topic;
- type of explanatory material.

Among tax service customers and, therefore, individual explanatory materials for them, we can distinguish students, people with disabilities, non-residents, employers, farmers, natives, etc. In general, the Revenue Agency of Canada divides customers into individuals, legal entities and others (non-profit organizations, charitable organizations, trusts, the public sector).

The site of the tax service has implemented a search for explanatory that include lots of materials on topics, and since there are a number of topics (about 60), a search has



been implemented by the first letter of the topic, and the search is also carried out by number. Topics are highlighted as characteristic of most countries, as well as specification. For example, there are topics on individual taxes and situations. So, the tax package for the general income tax includes management, tax return, annexes to the declaration, additional materials (specific to each province of Canada).

The New Zealand Inland Revenue Service works to achieve a desired future when:

- taxpayers and other customers fulfill their tax obligations voluntarily and the Internal Revenue Service makes it easier for them;
- the community regards the payment of taxes as deductions in the interests of himself;
- The internal revenue service is noticeable in society, located side by side with taxpayers:
- The community evaluates the Inland Revenue Service as professional, affordable and efficient.

Issues of information and advice are not declared, however, the Service is constantly working to facilitate taxpayers of voluntary fulfillment of tax obligations, including through the development and provision of explanatory materials. Initial segmentation defines the following groups:

- physical individuals and households;
- legal entities and employers;
- nonprofit groups;
- non-residents and tourists.

For each of these groups information is provided on the website of the tax service, in the vast majority of cases - in the form of answers to questions. For example, for individuals and families there is the following gradation of information: income, parents, students, financial problems and debts, pensions, loss of relatives, travel "from" and "to" New Zealand. For legal entities there is a more detailed breakdown of information - on individual taxes, fees and payments, on the creation and maintenance of a business from a tax point of view, on electronic trade, for certain specific industries, for example, winemaking, separately for Maori organizations, transfer pricing and for a number of more specific issues.

A similar, albeit simpler gradation exists by non-profit group. Within the Non-Residents and Tourists group, information is distributed by topics: taxes payable, individual taxes, electronic commerce, student loans, some specific issues.

In addition to this, there are a number of guides that deal with both individual taxes and situations. In addition, on the tax service website [www.ird.govt.nz](http://www.ird.govt.nz) you can use a calculator that is not pure explanatory material, but helps the taxpayer to fulfill tax obligations. The tax service also issues a tax information bulletin containing information on changes in tax legislation and court decisions. The newsletter can be viewed and downloaded from the site. In addition, there are a number of newsletters, coming out monthly, quarterly or less often, depending on the topic.

The mission of the United States Internal Revenue Service is to provide highly qualified services to American taxpayers. Services are provided by assisting taxpayers in understanding and fulfilling tax obligations, as well as applying tax laws honestly and fairly to all taxpayers. The role of US Tax Administration is to help most law-abiding taxpayers with an understanding of tax legislation, plus ensuring that the minority fulfills tax obligations, i.e. those who are unwilling to pay taxes. The development and provision

of explanatory materials is aimed primarily at helping most law-abiding taxpayers to understand the tax law, but they also help the minority through explanatory materials. For example, in case of non-payment by a natural person of tax on time and in full, explanatory material on this topic comes to him along with the requirement to pay tax.

Information on the structure of the tax service, namely: the number of tax service offices, employees of tax authorities, their distribution by the levels of the tax service can be seen on the website.

First of all, explanatory materials can be divided into the types of clients of the Internal Revenue Service, for example, individuals, commercial organizations, non-profit organizations, tax professionals, government agencies, the community of pension plans, and the community of tax-exempt bonds (obligations). Each type has its own segmentation, for example, inside the "individuals" type, employees, farmers, foreign citizens, military, parents, entrepreneurs, pensioners, and students are distinguished. Explanatory materials can also be divided into situations. There are a lot of explanatory materials, therefore, they are searched according to the situation on the Tax Administration website by the first letter in the titlesituation. Also, for example, explanatory materials for large and medium-sized businesses, small businesses, and individual entrepreneurs can be identified within commercial organizations.

The Department of Revenue for Large and Medium-sized Enterprises (DRLME) publishes a number of reference guides for large and medium-sized businesses, for example, reference guides in preparing for filling out and processing declarations. These manuals contain information on issues that are not covered in published legal directories and codes of administrative rules, and which in this regard may be incorrectly resolved by both taxpayers and the Tax Administration. In addition, given federal and state taxes, there are correspondingly explanatory materials on federal and state taxes. Thus, at the state level, using the example of South Carolina, the following types of explanatory materials are distinguished: basic tax manuals and brochures, general information, information for individuals, information for tax professionals, updating legislation, information on individual Carolina Taxes Summary of Corporate Taxes on revenue in South Carolina. A separate part of the information outreach refers to property taxes. The practice of work of foreign tax authorities has changed on the basis that helping taxpayers and preventing dishonest ones is beneficial for administration, that is, informing allows you to more effectively perform control functions. Increasing respect for tax authorities (as professionals) and improving their image in the eyes of taxpayers is also advisable not only in terms of social consent, but also in economics ("war", confrontation is more expensive for the economy as a whole, cooperation between business and government gives the best result in the form of international competitiveness and growth). That is why the tendency to increase the priority of encouraging voluntary payment of taxes (including information) in relation to control measures can be regarded as a paradigm for increasing the efficiency of administration. Despite the fact that there are and can be significant differences between countries in the mentality and behavior of the population and economic entities in response to the actions of the authorities, there are no fundamental differences in the attitude of the "taxpayer - tax inspector" between nations and peoples. In the strength of the specifics of the profession, and tax collectors do not like more or less the same in terms of behavior, responding to their effort to "collect more" measures to "give less", among all peoples and at all times. In an ideal control approach, all operations of all taxpayers should be checked, this will ensure



100% collection. But administration costs in this case will "eat up" a large part of the fees. From the beginning of the emergence of the state, the authorities have been looking for a balance between the composition of taxes and the method of collecting them, preferring either property taxes or other taxes. It is also known that authoritarian regimes are more successful in weaning earned / accumulated than liberal democratic (taxes are cheaper to collect on a tank, according to competent opinion). The transition from a directive-dictatorship to a market-regulated system means weakening the motivation for fear, while at the same time moving to fundamentally different, milder forms of control over the implementation of laws.

The role of informing in the process of tax administration does not come down to the result "information has been communicated to the taxpayer", but is determined by the fact that as a result of informing there is an improvement in tax collection rates, an increase in awareness and literacy taxpayers. The return on investment (effort, time and money) in informing is determined by a combination of behavioral changes in terms of good faith as a reduction in deliberate reporting distortions and literacy growth as a reduction in unintentional errors. Thus, the target result is that more and more people pay taxes correctly without deceiving either the state or themselves.

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