

IMPROVING THE EFFECTIVENESS OF TAX ADMINISTRATION THROUGH THE EXAMPLE OF THE REPUBLIC OF KAZAKHSTAN

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ABSTRACT

Taxes are the main source of the national budget revenues. That is why; the compliance with laws and regulations in the field of taxation is able to speed up the development of a normal and legal system of paying taxes and other mandatory payments. The article presents a comparative analysis of the structure of the recent tax revenues of the national budget. The criteria of the analysis include the compliance with taxation legislation in the field of registering the taxpayers in tax bodies, accepting the tax forms, in-house audit, fulfilling tax liabilities, obligations to calculate, withhold and transfer mandatory pension charges, calculating and paying social charges. The purpose of the article is to analyze the effectiveness of the mechanism of applying the current forms and methods of tax administration, to research the laws and regulations of tax administration procedures, to define the most promising trajectories of improving tax administration. A range of countries, including the Republic of Kazakhstan, experience a lack of corresponding political and legal acts that regulate the formation and expression of the main directions of tax and tax legal policy that would clearly and unambiguously define the purposes and tasks of the law-making groups to help them in drafting new regulatory acts. A transparent and just taxation is one of the bases of a stable business development that enhances citizens' trust to a state. The article offers recommendations for increasing the effectiveness of tax administration in the Republic of Kazakhstan. The reform of tax authorities' activity revealed the effectiveness of the adaptive management of tax relations and formation of tax potential with due regard to the situation in a certain region, including the experience of modernizing the structures of tax authorities and implementing modern information technologies for working with taxpayers. Current economic situation in Kazakhstan requires the tax system to solve to ensure the timeliness of budget revenues, increasing the amount of tax revenues and tax payments that are collected.

Keywords: Tax Revenues, Taxpayers, Taxation Mechanism, Tax Liability, Tax Agent, Payments, Tax Administration.

INTRODUCTION

Taxes are the main source of the national budget revenues. That is why, the compliance with laws and regulations in the field of taxation can speed up the development of normal and legal system of paying taxes and other mandatory payments. It is especially relevant nowadays, when the financial crisis broke out in a range of countries (Economic Development of CIS countries, 2018; Clark & Wójcik, 2018; Petmesidou & Guillén, 2015; Pronina et al., 2018). The funds that allow the the state needs to properly carry out its functions in stabilizing economics and financial system must be raised and directed into the fields that need state funding and support (Brondolo et al., 2008). Besides, the role of government bodies of tax control is very important. Their tasks include collecting the taxpayers' funds and controlling the timeliness and correctness of paying taxes and other mandatory payments (Serikova et al., 2018). All these responsibilities must be carried out in accordance with the above mentioned laws and regulations. The correctness and strictness of their compliance can speed up the development of a normal and legal system of paying taxes and other mandatory payments.

Taxes are the main source of the national budget revenues (Meyer et al., 2015; Bradbury, 2018; Hernoko et al., 2018). Their complete and smooth flow is impossible without an effective tax structure in a state. When defining the trajectories of modernizing domestic economy, the state needs to improve the functions of tax administration (Junquera-Varela et al., 2017; Keen & Slemrod, 2017). Thus, scientific researches of improving the forms and methods of tax processes administration under the conditions of innovative economic modernization become especially significant.

The norms of a tax act allow to organize a rational system of tax administration and to apply it to the whole tax mechanism (Lewis, 2015).

Tax administration that is associated with paying taxes requires an accurate definition of a tax and understanding of its components. Tax as a certain financial legal category requires constant administration. This is associated with voluntary basis of paying taxes. Besides, tax is a legal, economic, political, financial and social category. The issues of legal control and regulation of taxation are one of the most relevant in economic and social life of each nation (Konvisarova et al., 2015). This is conditioned by the new economic phenomena of certain countries where economic management requires an active use of financial mechanism tools, including taxes (Law and Regulation, 2011). For example, according to the Article 555 of the Tax Code of the Republic of Kazakhstan, tax administration requires the tax bodies to carry out tax control; to ensure the fulfillment of a tax liability that was not timely met and to apply the measures of a forced collection of tax debt; to offer public services for taxpayers (tax agents) and other authorized bodies in accordance with the legislation of the Republic of Kazakhstan (Law and Regulation, 2017).

A strengthened role of the state in managing economic and social processes predetermines the significance of tax collection both as a way of providing power structures with necessary funds and as an element of the system of state influence upon economy.

According to the economy theory that was offered by Laffer (2004), alleviation of taxation burden leads to a significant economic revival. Laffer curve shows the connection between the tax rate and the amount of tax revenues. According to it, lowering of the rates to an extreme point decreases the amount of budget revenues (Laffer, 2004). Nowadays, the financial flows are mainly concentrated in big cities, such as Almaty and Astana, as well as in oil producing regions. On the one hand, this is associated with the internal corporate interests of the

major taxpayers who have predetermined the concentration of funds in the financial centers of Kazakhstan. On the other, this can be explained by insufficient development level of the bank sector in the regions. That is why; the task of tax administration is aimed at relative balancing the tax burden among the subjects of the Republic of Kazakhstan.

Tax administration requires the tax bodies to carry out tax control, to ensure the fulfillment of a tax liability that was not timely met, to apply the measures of a forced collection of tax debt, to offer public services to the taxpayers (tax agents) and other authorized bodies in accordance with legislation. Tax control is carried out by the authorities of tax office. It is aimed at ensuring the compliance with the norms of tax and other legislations. There are the following forms of tax control:

1. Registration of taxpayers in tax bodies. Registration of a physical person, legal entity, business units of a legal entity as taxpayers involves making entries on their data into a state database of taxpayers; making changes and (or) amendments in registration data in the state database of taxpayers; exclusion of a taxpayer's data from the state database. A taxpayer can be registered: (1) as an individual entrepreneur, private notary, lawyer, private court bailiff; (2) according to the value-added tax; (3) as an electronic taxpayer; (4) as a taxpayer who carries out certain types of activity; (5) according to the place of business of a taxation subject and (or) subject that is associated with taxation.
2. Accepting the tax forms. All tax forms, except tax registers, must be provided to the tax office authorities within the terms that are established in the Tax Code. Administrative tax penalties for the breach of formation order of the system of risk management and internal control are applied in compliance with the Part 1 of the Article 215 of the Code of the Republic of Kazakhstan "*On the Administrative Violations*". They are applied in relation to a taxpayer who failed to comply with legal requirements of the tax office authorities. In case of the financial organizations' violation of the formation order of the system of risk management and internal control that is established by the regulatory act of the National Bank of the Republic of Kazakhstan, unless the detected violations are remedied by a financial organization within the terms established by the National Bank of the Republic of Kazakhstan, Part 1 of the Article 215 of the Code of Administrative Violations implies a penalty payable by legal entities in the amount of hundred monthly calculation indexes (The Act of the Republic of Kazakhstan, 2014).
3. In-house audit is carried out by the tax office authorities on the basis of examining and analyzing the tax reports provided by a taxpayer (tax agent), information provided by the authorized state bodies as well as other documents and data on a taxpayers' activity.
4. The control of fulfilling a tax liability, obligation to calculate, withhold and transfer mandatory pension taxes, to calculate and pay social charges. Customs bodies carry out tax control within their competence, apply the tools of fulfilling a tax liability that was not timely met as well as the measures of tax enforcement in relation to the taxes that are due and payable as a result of transferring the goods across the customs border of the Customs Union. All these measure comply with the present Code and Customs legislation of the Customs Union and (or) customs legislation of the Republic of Kazakhstan (Attapkhonov, 2000).
5. Tax survey is a measure that is applied by the tax office authorities to confirm the factual presence or absence of a taxpayer at the location that is mentioned in registration data. Besides, it is aimed at delivering the tax inspection act in cases that are established in accordance with tax legislation of the Republic of Kazakhstan (Roach, 2010). Assuming that tax system is a stable set of elements, according to the integrity principle, its elements include: taxpayers and tax agents (physical persons and legal entities); the state that is represented by the tax system management authorities; taxes, charges, dues; authorities that collect taxes and dues; regulatory (controlling) bodies (The Ministry of Internal Affairs).

The problems associated with taxation system are still among the main concerns of scholars. The researches on the history of tax administration and efficiency of this institution in

the USA (Kapkaev, 2011) are still relevant. The same applies to elaborating the procedure of handling the court tax disputes over rights of the USA.

Normalization of the law-making process in the field of taxation, including the creation of an optimal tax administration system as an integral part of such reform was viewed as an important condition for a successful implementation of tax reform (Keen & Slemrod, 2017). It is supposed that a necessary balance of public and private interests in the field of taxation is impossible without a clear differentiation between lawful and unlawful conduct, without clear and explicit qualification of a certain action as an administrative-legal offence or crime (The Act of the Republic of Kazakhstan, 2011). It was proved that the enforcement of tax control by a tax body positively correlates with the quality of financial reporting. However, any lawful conduct of a taxpayer can't be subjected to reprimand on the part of the state, even if adhering to the letter of law leads to a decrease in tax revenues (Kanseitov, 2015).

Administrative law positively influences the procedure of tax collection in a state. That is why; the effectiveness of taxation in relation to legal entities (firms) depends on the quality of tax administration (Dabla-Norris et al., 2017). Its ineffectiveness negatively influences many fields of citizens' and state's life. It is especially true for public health system, because deterioration of taxation quality leads to a decrease in its funding (Javan-Noughabi et al., 2018).

Thus, the purpose of the article is to analyze the effectiveness of the mechanism of applying current forms and methods of tax administration, to research the laws and regulations in this field and to define the most promising ways of its improvement.

METHOD

The purpose of the article was realized through the analysis of tax legislation of the Republic of Kazakhstan (Table 1) that is oriented towards alleviating the tax burden, harmonizing the relationships between the state and taxpayers, stimulating business activity within the priority economic sectors and, as a consequence, diversifying economic fields and enhancing innovative activity. The choice of the regulatory acts in the field of taxation in the Republic of Kazakhstan was defined by the influence of this legislation upon tax administration, i.e. upon its effectiveness, improving the tax administration mechanism and regulatory basis. This will allow to formulate clear goals and tasks of tax administration.

Table 1		
TAX LEGISLATION OF THE REPUBLIC OF KAZAKHSTAN		
Regulatory Act	Document type	Adoption date/number
On Taxes and Other Mandatory Payments to the Budget (The Tax Code).	The Code of the Republic of Kazakhstan	10.12.2008
On Customs in the Republic of Kazakhstan	The Code of the Republic of Kazakhstan	30.06.2010
On Amendments and Additions to the Code of the Republic of Kazakhstan on Administrative Offences dated 5 th of July, 2014	The Act of the Republic of Kazakhstan	28.12.2017 N 127-VI, the Act of the Republic of Kazakhstan

Table 1 TAX LEGISLATION OF THE REPUBLIC OF KAZAKHSTAN		
On Administrative Offences	The Code of the Republic of Kazakhstan	05.07.2014
On Approving the Program of Improving Tax Administration for 2010-2011	Resolution of the Government of the Republic of Kazakhstan	30.04.2010, № 375
On Measures for Realizing the Code of the Republic of Kazakhstan dated 25 th of December, 2017 On Taxes and Other Mandatory Payments to the Budget (The tax Code)	Order of the Prime Minister of the Republic of Kazakhstan	30.01.2018, № 9-p
On the Ratification of the Convention of Mutual Administrative Support in Tax Affairs with amendments introduced by the Protocol of Amendments to the Convention of Mutual Administrative Support in Tax Affairs	The Act of the Republic of Kazakhstan	26.12.2014, № 267-V, the Act of the Republic of Kazakhstan
On the Ratification of the Agreement of Loan (A Draft Bill on Reforming the Tax Administration) between the Republic of Kazakhstan and International Bank of Reconstruction and Development	The Act of the Republic of Kazakhstan	24.01.2011, № 396-IV
On Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan in the Field of Taxation and Tax Administration	The Act of the Republic of Kazakhstan	07.12.2015, № 2168-12/15
On Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan in the Field of Declaring the Incomes and Property of Physical Persons (with amendments as of the 25 th of December, 2017)	The Act of the Republic of Kazakhstan	25.12.2017

Besides, we analyzed some economic indicators of the countries with similar type of economy in order to define the most optimal way of enhancing the effectiveness of tax administration in the Republic of Kazakhstan. For example, the analysis included the official unemployment rate, living standards in CIS countries (GDP indicators, housing and credit affordability and inflation rate) during 2017-2018 (Table 2).

Table 2
THE INDICATORS OF THE OFFICIAL UNEMPLOYMENT RATE AND LIVING STANDARDS
(2017-2018)

Countries	Official unemployment rate (%)	Living standards (the higher the indicator, the better)
Azerbaijan	4.9	2.06
Armenia	18	2.15
Belarus	1	1.47
Georgia	12	2.92
Kazakhstan	5.1	2.97
Kyrgyzstan	8	1.1
Republic of Moldova	6.2	2.08
Russian Federation	5.3	3.62
Uzbekistan	5.2	1.78
Ukraine	10.3	0.99

The research of epypositive and negative features of the taxation system in the Republic of Kazakhstan and elaboration of the most effective ways of improving tax administration were based upon the research results of economic systems in foreign countries, in particular, in those ones that have improved economy and taxation system: Syria (Zeitoun, 2017), Greece (Giannakis & Bruggeman, 2017), Caribbean countries (Schlotterbeck, 2017), People’s Republic of China (Ho & Lu, 2014).

Besides, we analyzed the system of tax administration in some developed countries in order to offer the recommendations on improving certain fields of taxation (Table 3) (Umar & Tusubira, 2017).

Table 3
THEMATIC AREAS OF FINDINGS PRESENTED AT 5TH ANNUAL TARC WORKSHOP AND
POLICY RECOMMENDATIONS

Theme	Policy recommendation
Ineffective and incomplete databases of taxpayers and their financial activities.	Implementing more effective databases.
Tax system complexity, knowledge and awareness.	Simplifying the tax system, going beyond awareness to engage taxpayers in policy formulation and implementation.
Audit ineffectiveness.	Ensuring a more effective audit system encompassing audit, detection and sanctions.
Corruption, distrust in relationto authorities; inadequate supply of public goods.	Build trust in political leadership, reduce corruption, and improve supply of public goods.
Strained power and fiscal relationship between central and subnational governments.	Resolve areas of conflict in the fiscal relationships between central governments, subnational governments and taxpayers.

RESULTS

In order to understand the essence of tax and tax administration as an independent institution of tax law, it’s meaning and possible ways of its improvement; we need to analyze the

history of its emergence and development. The tax policy that has been deliberately and consistently carried out by the state during a long historic period can be objectively expressed as a tax doctrine of a certain state. It can be formulated as a declaration, specific chapter of legislation or certain principles and norms of tax policy and law.

Integration of the post-socialistic system into a single world economic complex that took place at the turn of the 1980-1990s, required a new tax system. There was a need to exclude the cases of retroactive effect in applying tax norms, to change the conception of legislative drafts during their second reading, to introduce the non-tax norms into tax laws. The improvement and development of tax policy will be always accompanied by taxation reforms. The main purpose of tax reforms must be aimed at reaching consistency between tax system and the new needs of the national social and economic development and new direction of tax policy. Thus, tax reforms are an integral part of a constantly changing social, economic and tax national policy.

During 27 years of its existence, the tax policy in the Republic of Kazakhstan has undergone certain reforms that were accompanied by positive political and economic changes in the country. These reforms changed the range of questions that are associated with taxes and taxation system. It should be noted that the Tax Code that was adopted in 2008 complied with the effective tax legislation. Taxation provisions have been carefully revised in terms of their correspondence to the current development stage of Kazakhstan. The revision was carried out strictly within the strategic directions that were defined by the Head of the State. A bit earlier, mechanisms of paying taxes and other mandatory payments through ATM networks, Internet, Web-huts and “*Taxpayer’s Terminals*” were introduced. We should especially note such innovations as Centers of receiving and processing the information from tax authorities, the availability of tax legislation information through call-centers. One of the priorities in the activity of tax bodies is the improvement of tax administration.

In this context, eliminating administrative barriers, strengthening of tax discipline as well as the attempts to counteract such phenomena as corruption become especially important. Since 2010, the Tax Committee has started to realize “*The Program of Improving Tax Administration in 2010-2011*” (Law and Regulation, 2017). Its main purpose is to enhance the effectiveness of tax administration through the measures of collecting the taxes and other mandatory payments into national budget, to improve the conditions for voluntary fulfilling tax liabilities by taxpayers. This will help our national tax system of to reach a whole new development level that will be closer to international practice. Through the cooperation between the Tax Committee and this international institution, a range of joint reform shave been carried out, mainly in the field of information technologies. In 2011, a complete reformation of tax administration system was initiated. On the 24th of January, 2011, the Head of the State signed the law of the Republic of Kazakhstan “On the Ratification of the Loan Agreement (The draft bill on tax administration reform) between the Republic of Kazakhstan and International Bank of Reconstruction and Development”. The projects of tax administration reform will be realized with due regard to a significant experience of the World Bank in modernizing tax administration, including CIS countries and Eastern Europe. Besides, they will be based upon the results of the previous detailed analytical researches that were conducted by the World Bank in Kazakhstan. The project will be supported by the Government of the Republic of Kazakhstan and the Ministry of Finance in terms of implementing serious measures that are aimed at enhancing institutional potential of the Tax Committee under the Ministry of Finance. It is aimed at reforming and strengthening of tax administration in Kazakhstan, enhancing the voluntary basis of complying with tax legislation by taxpayers, increasing the effectiveness of measures to counteract tax evasion,

administrative effectiveness and lowering the corruption rates. The purpose of the project is a gradual movement towards general declaring of citizens' incomes. In this context, the centers of processing the data provided by tax bodies become especially important. It was supposed that the realization of this project will exert a complex influence upon the whole field of taxation and tax administration. Besides, it will provide benefits for the subjects of entrepreneurial activity, for population and governmental bodies that use the data of the Tax Committee's informational system. But, with a course of time, the results turned out to be different. The main measures of the project included only the following ones: further development of the call-center under the Tax Committee, re-engineering of business processes, revision of the tax bodies' structure and existing appellation system, modernization and development of the existing informational systems (Zhamalov, 2010).

On the 1st of July, 2010, Kazakhstan became a member of the Customs Union. It was a very important event. One of the innovations of the Union included the introduction of a new function of tax bodies. They were responsible for collecting indirect taxes in mutual trade. The experience of working under the conditions of the Union was new for Kazakhstan. The purpose of the Union is to ensure a free flow of goods within the limits of mutual trade, to favor trading between the Customs Union and third countries, to stimulate economic integration of the members of the Union. Thus, the whole activity of tax bodies in the Union was aimed exclusively at improving/simplifying tax administration. Regulatory function of taxes was especially emphasized, because the state seeks to actively participate in social and economic life of the society. Its social and stimulating sub-functions are realized by the state through incentive and preference system (Orlov, 2006). During 2014-2015, more than 50 amendments relating to the issues of tax administration were submitted to the Code of the Republic of Kazakhstan dated 10th of December, 2008, № 99-IV on Taxes and Other Mandatory Payments of the Budget (the Tax Code) (further referred to as Tax Code of the Republic of Kazakhstan). The survey that was conducted in 2015 showed that 88% of business subjects and 89% of population were satisfied with the quality of services. In 2015, the main danger in terms of meeting national financial needs was associated with proliferation of the tax fraud practice. According to experts, the budget lacks 30-40% of payable taxes. In 2015, 77% of the state budget revenues of the Republic of Kazakhstan were ensured by four tax types: VAT-23,4%, CIT-22,9%, taxes on international trade and transactions-20,6%, personal income tax-10,8%. Despite of the positive tendency in tax revenues, the lack of these revenues increases each year.

During the last years, any solution wasn't elaborated in terms of making changes and amendments to the tax legislation that would offer specific ways of counteracting fraud schemes of taxes evasion. However, it is important to note that the need to improve legal mechanisms of tax administration is conditioned by modern realities and recent events. Besides, the imperfection of legal provisions that regulate taxes and cash-flows between legal entities is still relevant. It favors the development of pseudo-entrepreneurship. Pseudo-entrepreneurship and pseudo-bankruptcy represent one of the main problems of tax control. This implies that a person becomes criminally liable only in case of registering a legal entity as a commercial organization. Such organizations are established with the only purpose of accessing the credits, of tax exemption, achieving other property gains or concealing proscribed activities. "*Cashing firms*" are directly involved in laundering the proceeds from crime, misappropriating the funds and evading taxes. In relation to pseudo-bankruptcy, the in-house audit showed that, as of the 1st of July, 2017, 2993 bankrupts at liquidation stage included 1699 bankrupts that demonstrated the features of deliberate and pseudo-bankruptcy (57%). 17% of them (295 bankrupts) showed a

high degree of risk. For example, during the period that preceded the bankruptcy, 445 debtors were actively participating in public contracts and foreign economic activity totaling 120 billion tenge, whereas 227 of debtors were interacting with pseudo-enterprises. During the first half of 2017, as a result of cooperation with law enforcement officials and basing on the appeals of territorial subdivisions and insolvency administrators, criminal proceeding were initiated pursuant to the Articles 215-217 of the Criminal Code of the Republic of Kazakhstan “*Unlawful Actions in Case of Bankruptcy*”, “*Deliberate Bankruptcy*” and “*Pseudo-bankruptcy*”, Articles 221-222 of the Criminal Code of the Republic of Kazakhstan “*Tax Evasion*”, Article 192 of the Criminal Code of the Republic of Kazakhstan “*Pseudo-entrepreneurship*”. Besides, in relation to the heads of 5 bankrupts, the court judgments were issued that obliged them to compensate the material loss to the creditors’ interests in the amount of 386 million tenge. Those are just some examples of violations in the field of taxes and taxation.

Summarizing the results of the tax office activity since the moment of its founding, it should be noted that the whole reformation process of the tax system of our state was aimed at constant improving of tax legislation, harmonizing the relationships between the state and taxpayers. The problem of increasing the effectiveness of tax control and administration still remains relevant for Kazakhstan (Mitrofanova & Erentraut, 2012).

Improving the quality of tax control is possible both through strengthening the stability and definiteness of legal regulation and referring to international experience. In foreign practice of tax control and administration this aim is achieved through various ways. Certainly, introducing international achievements in this field must account for economic and political situation, for the mindset and features of the domestic national legislation that is associated with taxes and charges.

It should be noted that tax bodies of the developed foreign countries possess extensive informational resources that include the data on the taxpayers’ property, incomes and expenses. This allows them to monitor them without the need to carry out monitoring procedures in a taxpayer’s house (Demidov, 2017). Tax evasion practice must be made less attractive. A taxpayer must be stimulated to fully and timely pay the taxes; to obtain a tax deduction at the working place that would equal to the amount of insurance premiums according to the voluntary insurance contracts. The procedure of calculating personal income taxes in relation to the foreign workers who are the citizens of the People’s Republic of China must be guided by the agreements that require avoiding double taxation.

Penalties for tax evasion or incomplete tax return that is established by the Article 122 of the Tax Code of the Republic of Kazakhstan do not make distinctions in the amount of the damage. It seems reasonable to increase the penalties for particularly large amounts (“The Act of the Republic of Kazakhstan, 2015). According to Interfax-Kazakhstan, having summarized foreign experience of tax administration and having analyzed the tax system of these countries, the President signed “The Law on Taxation and Customs Management”. This document implies preserving the effective minimal threshold for the purposes of registration of VAT in the amount of 30 thousand monthly accounting indexes until 2017 inclusive, with its subsequent gradual decreasing down to 15 thousand monthly accounting indexes by the year 2020. During 2018-2020, the amount of additional revenues as a result of gradual decreasing of VAT threshold will amount to 166 million tenge. Besides, the document provides for the amendments in tax administration field. In particular, they introduce the order of coordinating preliminary acts of tax audits, changes in the requirements to audits for liquidation by independent audit companies and reschedule the terms of introducing compulsory declaration, electronic invoices and E-audit.

The amendments to the Act of the Republic of Kazakhstan “*On Amendments and Additions to Some Legislative Acts of the Republic of Kazakhstan in the Field of Taxation and Customs Management*” are aimed at improving tax policy and tax and customs administration (The Act of the Republic of Kazakhstan, 2017).

The Act dated 18th of November, 2018, “*On the Amendments and Additions to Some Legislative Acts of the Republic of Kazakhstan in the Field of Declaring the Incomes and Property of Physical Persons*” provided for a gradual move to declaring the incomes and properties of physical persons. At the first stage, during 2017, the incomes and property must be declared by public officials, judges, workers of the managerial and administrative national companies as well as by the workers of budget organizations. The second stage, during 2020, will involve the rest of physical persons. The Act also provides for a move towards compulsory declaration within one stage, starting from 2020. Besides, a range of amendments were introduced that were aimed at supporting business (Artemenko, 2010).

The main deficiency of the national policy in the field of customs duties is associated with establishing a specific regulation system that significantly differs from tax and duties legislation and does not meet a range of fundamental taxation principles. They include generality, legislative establishment form of both the payments and their elements; and, which is especially important, payment and administration procedures; equality and justice; unity of tax system and clear taxation rules. On the other hand, the attempts of wholesale transferring the rules of the Tax Code to the field of imposing customs offer no prospect of success. The results show that the majority of doctrinal approaches of the national policy in relation to the customs duties must constantly account for the nature and features of imposing customs. In comparison to traditional customs relations, the goods and transactions that are the subjects to customs duties must go through the procedure of “releasing” by customs bodies. One of its conditions implies paying customs duties. The analysis that was conducted in the article points to the lack of consistency between the current national policy and regulation in taxation field, to its significant contradiction with scientific taxation methods. Thus, it can’t be regarded as satisfactory.

DISCUSSION

Tax administration is a tool that defines success or failure of a whole budget, tax and economic policy of almost each state (Konvisarova et al., 2015). In order to fully realize the national tax potential, tax bodies must both control the compliance with tax legislation and effectively carry out administrative functions, including the internal organization of tax bodies (e.g. the ones that carry our tax control (Carmen, 2018), that is needed to fulfill their responsibility. In this context, it can’t be denied that an optimal national tax system is a tool that favors the improvement of the tax administration (Slemrod, 2015).

As practice shows, many countries have created the authorities of tax process administration in response to the problems that emerged as a result of the tax systems development (Eja et al., 2018; Rahimi et al., 2016). For example, tax bodies had to deal with introduction and further improvement of income taxes, development of sales and value-added taxes, tax concessions systems, new anti-evasion measures, the need for adequate informing of taxpayers and personnel training. Necessary measures were not always taken in a timely manner (Ho & Lu, 2014). Nowadays, one of the gaps of tax legislation in the majority of countries is the absence of taxation mechanism for trade transactions that are carried out through Internet (online

sales) (Ropp & McNamara, 2014). This factor significantly influences national budget, because it leads to a rather striking deficit of tax revenues (Bennett & Elson, 2016).

According to the World Bank in 2017, China introduced a tax consultation and tutorship system, simplified corporate income tax and value-added tax declaration forms and enabled e-invoices issuance and delivery. By 2017, 98 economies had fully implemented electronic filing and payment of taxes. Seventy of them adopted or enhanced their systems over the past 13 years. Electronic filing and payment are most common in OECD high-income economies, where 32 economies out of 34 have such systems in place, followed by Europe and Central Asia, where 21 economies use electronic systems. The expansion of electronic filing and payment systems is likely to continue. In the next few years many other OECD high-income economies, having introduced requirements for electronic filing and payment for larger businesses, plan to extend them to smaller ones (OECD, 2016). The ability to file and pay taxes electronically has had a positive impact on firms in several economies in Latin America and the Caribbean. In Uruguay, for example, the government adopted the Financial Inclusion Act on May 9, 2014, which included the compulsory electronic payment of national taxes in an effort to gradually increase both the economy's level of digitalization and the use of banking services. Most taxpayers were filing and paying their taxes online by early 2016, when the government added new features to the online platform. Many procedures that previously were done in person at the tax office—such as registration, credit certificate applications, payments and accountant certificate submissions—are done electronically. A majority of taxpayers can now access the online portal, and, with the system's improved features, the time to comply with the three major taxes measured by *Doing Business* has decreased by 81 hours. In El Salvador, where a majority of firms have used electronic payments since 2016, the government mandated that all businesses file their annual income tax return through one of the available electronic methods (software DET or online processing). The system of presentation and payment of all online taxes was also consolidated, further easing compliance. As a result, El Salvador reduced compliance time by 58 hours and reduced the number of payments by 34. In Latin American and the Caribbean 18 economies have electronic filing systems (as defined by the *Doing Business* methodology). Two economies in the region, the Bahamas and Panama, implemented electronic filing and payment in 2017. Although Panama introduced an online platform for filing and payment of taxes in 2015, the majority of firms began using the system in 2017. Corporate income taxes and VAT can be paid either through the tax authority's online platform using a credit card or by e-banking through those banks that are authorized to receive tax payments. In the Bahamas, where VAT was introduced in 2015, the electronic system is the only way to file a VAT return. Payments are made either by credit card through the tax authority's online platform or via online bank transfer to the account of the tax authority.

The problems of tax revenues deficit that currently exist in the countries of South Africa are associated with the lack of possibility (or desire) to lower tax liabilities, to provide a range of tax concessions (Williams, 2016). Though, according to another point of view, incentive scheme as a method of rewarding the consumers of certain categories goods and services can have negative effects, because it partially drives out a voluntary tax paying (e.g., in Portugal). (Fabbri & Daniela, 2016). But this is rather controversial issue, and it is almost impossible to predict whether credit facilities will have negative consequences for the economy of certain countries (Bradbury, 2018). Basing on the experience of foreign countries and eliminating the deficiencies of the national tax administration (e.g., in the Republic of Kazakhstan), it becomes possible to improve tax system. Thus, this and other countries with similar economy will reach a higher

development level. In its turn, this will create favorable conditions for the development of our economy. We can cite the example of improving the tax system in the People's Republic of China that initiated the reform of tax administration (Brondolo & Zhan, 2016). It resulted in control reinforcement in the field of tax operations (Ho & Lu, 2014). The effectiveness of such reform is proved by the analysis of changes and achievements that took place as a result of the changes in the system of tax administration in 20 Caribbean countries (Aruba, Bahamas, Barbados, Bermudas, Virgin Islands, Grenada, Haiti, Surinam, Trinidad and Tobago, etc.) (Schlotterbeck, 2017).

The analysis of tax administration of different countries that have different needs and demonstrate different levels of development (for the sake of convenience, these countries were conventionally divided into groups) also allows to evaluate the role of this institution in improving the tax field in some countries, namely in the Republic of Kazakhstan. The first group is formed by the countries with a complex organizational structure of tax bodies (the USA, Germany, Great Britain, Japan, France, Italy, Canada, etc.). The second group includes the countries that have relatively tight structures of tax bodies (Australia, Belgium, Denmark, Portugal, Finland, Sweden, Switzerland, etc.). The third group is represented mainly by the countries with a relatively small number of taxpayers in comparison to the first two groups. The staff composition of tax bodies in these countries can include up to 2 thousand workers (Orlova, 2012). This group includes such countries as Cyprus, Malta, Luxembourg, etc.

The characteristic features of organizational structures of tax bodies in these countries can be described in the following way. Firstly, tax bodies can have a united federal structure (Germany, France and Sweden) or consist of various parts that correspond to the levels of government control (the USA, Switzerland). Secondly, tax bodies can be a part of the general system of the national financial management system or act on a relativity autonomous basis. For example, German tax bodies act as subdivisions of the Ministry of Finance, whereas in Great Britain and Sweden they represent independent state agencies that act independently of the Ministry of Finance on an ongoing basis.

In the USA, there is no such institution as the Ministry of Finance: the budget is formed by the special Presidential administration. In the part of expenditures, it is governed by the Federal Treasury, in the part of revenues (tax collection)-by the Inland Revenue Service. Thirdly, two types of traditional tax body's system organization are differentiated: according to certain tax types (indirect taxes, incomes taxes, customs dues, taxation of capital assets, etc.) and combined ones. For example, in Great Britain and Sweden, the collection of all indirect taxes and customs dues is carried out by a single tax body. Some countries tend to integrate the whole activity that is associated with collection of all tax types within the limits of a single tax structure. Recently, a move from a traditional hierarchic structure of tax bodies (local unit, district unit, regional unit, central unit of administration) towards two-unit or even one-unit structure is observed. In the USA, the whole work that is associated with processing tax information and controlling all incoming federal taxes is concentrated within seven enlarged computer-aided centers that encompass the territory of several states. It is important to note that federal tax revenues allow government to meet various needs of its citizens (Demidov, 2017). The use of this technology in relation to small and even middle countries can provide opportunity to locate the whole tax-associated work in a single (in territorial and organizational terms) tax center.

Modern developed countries demonstrate a certain characteristic feature of the tax process organization that implies delegating some functions of tax authorities to private

structures. Such functions can include the actions that are already well-established in practice: collection of taxes with the help of private banks (tax withholding during transferring the incomes abroad, VAT payments, etc.); engagement of independent auditors (to verify the correctness of calculating the profit of banks, insurance companies and public companies). It should be emphasized that, in certain fields, the engagement of private firms for developing the software for tax bodies, processing massive data sets has its positive effects. Since 2016, Lithuania introduced a legal obligation for tax payer to provide standard audit files. Great Britain, Netherlands, Sweden, Bulgaria, Norway have been using SAF-T since 2014, whereas Azerbaijan has been applying SAF-T for tax inspection of the major taxpayers. In foreign counties, the practice of registering physical persons as taxpayers implies that each citizen must be assigned personal tax reference number that is further widely used. Introduction of information technologies provides a possibility to replace all kinds of state registration (passport, military registration, acts of civil status) of citizens with tax registration. The majority of the developed countries legally define small business as a specific subject of state regulation (The Act of the Republic of Kazakhstan, 2017). For example, in Israel, a common taxpayer identification number is identical to the number of Israeli citizen passport. It is used to establish identity of a citizen in all cases (when setting up a bank account, pension deposit, applying for medical insurance, etc.). In Denmark, a taxpayer identification number is used when applying for a credit. All taxpayers are provided with a card with their identification number. It is used during all transactions and needs to be renewed once in five years.

Reformation of tax system and improvement of tax administration is not rather effective, because the expenses that are associated with introducing new tax administration procedures will significantly exceed the revenues that the state will obtain as a result of this reform (Alm, 2018). But we can't accept this, because an optimal tax administration allows to solve the problems that are associated with lack of understanding of the laws and requirements to pay or return certain kinds of taxes, etc. (Lewis, 2015). Besides, an effective tax administration helps to counteract the violations of taxpayers' rights that depend on the absence of an integral system of interaction between the state and its citizen in the field of taxation (Malinovsky, 2017). The improvement of tax control allows a state to become more effective in accumulating tax revenues and other mandatory payments within the budget system. Besides, there is a need to develop the norms that would be based upon the principle of the definiteness of taxation. Due to a frequent changes and increase in the volume of legislations, commercial bodies have to deal with expenses. They simply try to cope with big amounts of information on tax legislation. Alongside with other tasks, it is planned to ensure the formation of revenues with due regard to the changes in tax legislation. Thus, there is a need to research the issues that are associated with the influence of property tax upon house owners, taxpayers and local authorities. Solving this problem through tax administration will allow reaching a certain consensus (Owens & Elson, 2016).

A common feature of all economically developed countries is a clear regulation of tax control procedures and strict coercive measures; a highly developed computer-aided tax administration and the accessibility of massive information resources for tax bodies in order to introduce digital technological and artificial intelligence into this field of national activity (Biryukov & Antonova, 2018). A current need for tax correction through incentive and penalty system is conditioned by constant changes of the economic, social public and political relationships that are being established between the state and its citizens (Malinovsky, 2017).

CONCLUSIONS

A range of countries, including the Republic of Kazakhstan, experience a lack of corresponding political and legal acts that regulate the formation and expression of the main directions of tax and tax legal policy that would clearly and unambiguously define the purposes and tasks of the law-making groups to help them in drafting new regulatory acts. Such acts would allow both orienting in the development of our tax system and helping the courts and other subjects of law enforcement to find necessary answers that are associated with generating certain tax and legal norms, their existence and adequate understanding. The mistakes in the functioning of the electronic programs of tax administration must be immediately detected and corrected through the attempts of the tax bodies, whereas the very electronic programs and their rules must be brought to a strict conformity with the imperative norms of tax legislation.

A clearly defined vector will allow tax administration to rapidly develop; because a transparent and just taxation is one of the bases of a stable business development that enhances citizens' trust to a state. A lot of practical problems that are associated with the activity of tax bodies make it difficult to carry out a full in-house audit. It is mainly caused by the taxpayers' letters that are not associated with tax reporting and are not examined during in-house audit. Regulation of the procedure of providing the answers to these letters by the tax bodies can significantly simplify the activity of these institutions and bring order to it. The authorities of internal revenues have not always complied with the clause that required decreasing the penalty down to the amount that was determined by the court. Thus, the recommendations that are provided in this article seem to be reasonable.

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