

ISSUES OF IMPROVING MECHANISMS FOR MAINTAINING INFORMATION ON TAXPAYERS AND OBJECTS OF TAXATION

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Abstract:

In this article, tax systems mainly rely on accurate and up-to-date information about taxpayers and tax objects. Such a data storage mechanism forms the basis of effective tax administration, revenue collection, compliance monitoring and policy implementation. This article provides a comprehensive overview of the mechanisms used by governments to manage taxpayer information and track taxable entities. Based on examples from different jurisdictions, it explores the key components, functions, challenges and best practices associated with these mechanisms.

Key words: tax, budget policy, budget, tax administration, tax potential, regulatory analysis, tax burden, average rate tax report, tax revenues, tax benefits, tax rate.

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Taxation is a key function of modern governments, providing the revenue needed to finance public services, infrastructure, and social programs. Correct maintenance of information about taxpayers and tax objects is important for effective functioning of tax systems. This information management mechanism includes a set of processes, tools and rules designed to identify, register, monitor and update taxpayer information and taxable assets. The importance of robust data storage mechanisms cannot be overstated. They enable tax authorities to effectively calculate and collect taxes, ensure compliance with tax laws, detect fraud and evasion, and make informed policy decisions. In addition, these mechanisms serve to increase transparency, accountability and public confidence in the tax system.

In Uzbekistan, various mechanisms are used to store information about taxpayers and tax objects. These mechanisms are primarily established and regulated by the Tax Committee of the Republic of Uzbekistan, which is the main state body responsible for tax administration in our country. Individuals and legal entities subject to taxation in Uzbekistan must register. After registration, the taxpayer is assigned a unique taxpayer identification number (STIR) or registration code. The Tax Commission maintains a complete database of registered taxpayers, which includes the taxpayer's name, address, contact information, tax identification



numbers and other relevant information. Taxpayers must provide accurate and up-to-date information to the tax authorities, including any changes in their personal or employment circumstances that may affect their tax obligations. This ensures that tax authorities have up-to-date information on taxpayers and effectively administer tax legislation. Uzbekistan is digitizing tax administration processes more and more. Taxpayers are advised to submit tax returns and submit information electronically through online portals provided by the Tax Committee. This facilitates efficient data collection and processing, and improves transparency and compliance. The Tax Committee conducts training and information programs for taxpayers in order to inform individuals and business entities about their rights and obligations regarding taxation.

The introduction of mechanisms for maintaining information on taxpayers and tax objects varies across countries and over time. However, a significant milestone in the development of modern tax administration systems occurred in the early 20th century, particularly in industrialized nations. One of the earliest examples of a comprehensive tax administration system with mechanisms for maintaining taxpayer information is often attributed to the United States. The U.S. Internal Revenue Service (IRS) was established in 1862 to administer federal taxation, initially to fund the Civil War effort. Over time, the IRS evolved into a sophisticated tax administration agency with robust systems for taxpayer registration, data management, compliance monitoring, and enforcement. Similarly, other industrialized countries such as the United Kingdom, Germany, and France developed tax administration systems with mechanisms for maintaining taxpayer information in the late 19th and early 20th centuries. Since then, the evolution of tax administration systems has been shaped by technological advancements, changes in tax policy, and international cooperation efforts. Today, most countries have established tax authorities or agencies responsible for administering taxation, maintaining taxpayer information, and ensuring compliance with tax laws.

Today, a number of difficulties and problems related to the storage of information about taxpayers and tax objects are highlighted. In particular, Tax Authorities rely on accurate and complete taxpayer information to effectively administer tax laws. However, errors or inconsistencies in taxpayer information lead to misunderstandings, miscalculations, and compliance issues. Taxpayer information is sensitive and confidential, raising concerns about data security and privacy. Unauthorized access, data breaches or misuse of taxpayer information undermines trust in the tax system and violates taxpayer rights. Tax authorities can struggle with



integrating data from multiple sources and systems, leading to compatibility issues and data silos. Incompatible data formats or systems are hindering data sharing, analysis and decision making. Outdated technology infrastructure or faulty IT systems can prevent effective management of taxpayer information. Limited access to technology or lack of IT resources hinders data collection, processing and reporting capabilities. Monitoring taxpayer compliance requires sophisticated data analysis and risk assessment capabilities. Tax authorities face difficulties in detecting violations, identifying high-risk taxpayers and effectively enforcing enforcement measures. Tax authorities lack the necessary resources, including staff, funding and technology, to effectively maintain taxpayer information. Resource constraints limit the ability to process data, conduct audits, and respond to taxpayer inquiries in a timely manner. Tax authorities must comply with legal and regulatory requirements governing the collection, use and storage of taxpayer information. Compliance with data protection laws, privacy regulations, and information security standards complicates data management practices. Many taxpayers are not aware of or do not understand their tax obligations and rights. Inadequate training and education of taxpayers leads to misunderstandings, non-compliance and disagreements regarding the calculation of taxes. In cases involving international taxation or cross-border transactions, tax authorities face difficulties in sharing taxpayer information across jurisdictions. Legal and regulatory differences, data protection issues, and jurisdictional disputes hinder data sharing and collaborative efforts. Addressing these challenges requires proactive measures by tax authorities, including investments in technology infrastructure, staff training, data security measures, compliance monitoring tools and taxpayer education initiatives. By solving these problems, tax authorities can increase the efficiency, effectiveness and integrity of the information provision mechanisms, resulting in improved tax administration and compliance results.

These obligations are necessary for effective tax administration and monitoring of legal compliance. There are some common tasks associated with maintaining taxpayer information. These include the following.

Tax authorities are responsible for registering individuals, business entities and other taxable persons. Taxpayers must provide correct and up-to-date information to register with the tax authorities, including their name, address, contact details and Tax Identification Number (STIR). Tax authorities are obliged to manage taxpayer information securely and confidentially. This includes storing taxpayer information in a central database or system, ensuring its accuracy and completeness, and



protecting it from unauthorized access, corruption or misuse. Tax authorities should communicate with taxpayers about their tax obligations, rights and obligations. This may include tax notices, reminders, filing deadlines, tax assessments and updates on changes in tax law. Taxpayers are required to accurately and timely report their income, assets and transactions to the tax authorities. Tax authorities are responsible for providing guidance and assistance to taxpayers to facilitate compliance with tax laws and regulations. Tax authorities assess tax liabilities and collect taxes based on the information provided by the taxpayer. This includes calculating tax amounts, issuing tax assessments and ensuring collection through various methods such as withholding tax, fines and enforcement actions. Tax authorities monitor a taxpayer's compliance with tax laws and regulations through a variety of tools, including data analysis, risk assessments, and compliance audits. It helps identify non-compliant taxpayers, detect tax evasion and ensure the integrity of the tax system. Tax authorities have enforcement powers to eliminate and enforce cases of non-compliance with tax legislation. This includes conducting inspections, investigations and enforcement actions against non-compliant taxpayers, imposing penalties for tax evasion or fraud, and taking legal action to recover unpaid taxes. Tax authorities may share information about taxpayers with other government authorities, law enforcement agencies and international partners to fight tax evasion, financial crimes and money laundering. This includes sharing information under bilateral or multilateral agreements while ensuring the security and confidentiality of the information. In general, tax authorities are obliged to maintain accurate, secure and confidential information about taxpayers and tax entities in order to ensure the fairness, transparency and integrity of the tax system. These obligations are essential for effective tax administration, compliance monitoring and revenue collection.

Conclusion and suggestion: Adopting robust data security measures to protect taxpayer information from unauthorized access, corruption and misuse. This includes encryption, authentication, access control and regular security checks. Providing training and capacity building programs for tax authorities to increase their skills and knowledge in data management, compliance monitoring and enforcement techniques. Launch taxpayer education initiatives to increase awareness and understanding of tax obligations, rights and responsibilities. This includes awareness campaigns, workshops and online resources to inform taxpayers about filing requirements, deductions and available support services. Innovation and continuous improvement in tax administration practices, using emerging



technologies and data analytics to improve the accuracy, efficiency and integrity of taxpayer information storage mechanisms.

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