

# Proceedings of International Educators Conference

Hosted online from Rome, Italy.

Date: 25<sup>th</sup> January, 2024

ISSN: 2835-396X

Website: [econferenceseries.com](http://econferenceseries.com)

## THEORETICAL FOUNDATIONS OF TAX LIABILITY IN UZBEKISTAN AND ISSUES OF IMPROVEMENT OF ITS REDUCTION

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### Abstract:

This article examines the theoretical basis of the emergence of tax liability and suggests ways to improve its reduction. The concept of tax liability is defined and its importance in ensuring compliance with tax legislation is highlighted. Factors that lead to the emergence of tax obligations, including the complexity of tax legislation and regulations, insufficient education and awareness of taxpayers, and the inefficiency of tax administration are discussed. In addition, the legal consequences of tax liability arising and non-payment are discussed, including fines, penalties and possible criminal charges. The document concluded that a comprehensive approach to simplifying tax legislation, increasing tax payers' knowledge and strengthening tax administration is important in ensuring the simplification of tax legislation.

**Key words:** local tax, market value of property, cadastral value, personal card, tax elements, budget potential, local budget, local budget expenses, local taxes, tax debt, tax collection, tax credits.

### Introduction:

Tax liability is the obligation of taxpayers to pay taxes to the state budget. It arises as a result of economic activities related to income generation, and it is one of the main sources of income of the state budget. However, the issue of tax liability reduction is of great concern to both taxpayers and tax authorities. In order to reduce the tax liability, it is necessary to understand the theoretical basis of its occurrence and identify the problems that need to be solved. This article is aimed at reviewing the theoretical basis of the emergence of tax liabilities and studying the issues that need to be improved in reducing it.

### Discussion and analysis

Tax liability refers to a taxpayer's legal obligation to pay taxes on income or property. The main problem with tax liability is that many taxpayers intentionally or



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unintentionally do not pay taxes, resulting in tax debt or tax debt. Tax debt can arise for a variety of reasons, such as poor financial management, poor record keeping, economic downturns, and complicated tax rules.

Another problem with tax liability is that tax laws and regulations are constantly changing, making it difficult for taxpayers to keep up with the latest requirements. This may result in intentional errors or omissions that may result in a tax liability.

In addition, the complexity of tax systems and rules can make it difficult for taxpayers to understand and comply with their tax obligations. This may result in tax liabilities, penalties and interest.

Finally, tax compliance can be influenced by cultural and social factors, such as attitudes toward taxation and levels of trust in public institutions. These factors can affect tax compliance and contribute to the tax liability problem.

In general, tax liability challenges require a multifaceted approach that addresses issues related to financial management, tax education and awareness, tax simplification, and cultural and social factors that influence tax compliance.

A tax obligation usually consists of several elements that must be fulfilled in order for the taxpayer to fully comply with the tax law. These elements may vary by country, but some common elements of tax liability include:

**Taxable Income:** This refers to the income earned by an individual or entity that is subject to tax.

**Tax Rates:** These are the rates at which taxable income is taxed. Tax rates may vary by type of income, tax rate and jurisdiction.

**Tax Deductions and Credits:** These are benefits that can reduce the amount of taxable income and in turn reduce the amount of tax liability.

**Filing Requirements:** Taxpayers are generally required to file a statement of their income and deductions with the appropriate tax authorities.

**Payment Deadlines:** Taxpayers are required to pay their tax obligations at specified deadlines, which may be quarterly or annually, depending on the jurisdiction.

**Penalties and Interest:** Failure to comply with filing and payment requirements can result in penalties and interest, which can significantly increase your total tax liability.

**Tax audits:** Tax authorities may conduct audits to ensure that taxpayers are complying with tax laws and reporting their income and deductions correctly. Understanding these elements of tax liability is essential for taxpayers to minimize their tax liability and avoid penalties or legal problems.



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Tax liability serves several important functions in the modern economy, including:

Taxation is the main source of revenue for governments, which is necessary to finance public goods and services such as infrastructure, education and health.

Tax liability can be used to redistribute wealth from high-income individuals and businesses to low-income individuals and those in need. This is often achieved through progressive tax systems, where higher earners pay a higher percentage of their income in tax.

Tax liability can be used to influence economic activity and encourage certain behaviors such as investments in research and development or the purchase of environmentally friendly products. Tax liability can also be used as a tool to stabilize the economy during economic downturns. For example, tax cuts or rebates can be used to encourage consumer spending and business investment, which can help boost economic growth.

In general, tax liability is an important tool for governments to achieve their policy goals and promote social welfare, but it can be a source of disagreement and conflict between taxpayers and tax authorities.

There are various debates among scholars about the emergence of tax liability. According to some scholars, the tax obligation arises from the tax payer's obligation to pay taxes to the state. According to them, a tax liability is a legal obligation that arises as a result of a taxable event, such as earning income or owning property. Other scholars argue that tax liability arises from the social contract between the state and its citizens. According to them, citizens have a moral obligation to contribute to the financing of public goods and services provided by the government, and the obligation to tax arises from this obligation.

In addition, some scholars argue that the tax obligation arises from the need to obtain revenue to finance the government's activities. According to them, the tax liability is an important element of the fiscal system and is necessary for the state's activities. According to them, the state has the right to collect taxes from its citizens to finance its activities, and the tax obligation arises from this right. In general, there is no consensus among scholars on the emergence of tax liability, and there are different points of view on this issue.

The United States has a well-established system of tax collection and administration, which includes the resolution of tax liabilities. The Internal Revenue Service (IRS) is responsible for enforcing tax laws and collecting taxes for the government. One approach used by the IRS to resolve tax liabilities is to offer a variety of payment



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options and installment agreements for taxpayers who cannot pay their tax debt in full at once. . The IRS also has the power to seize assets, such as bank accounts or property, in cases where a taxpayer refuses to pay a tax debt. In recent years, the IRS has also increased its use of data analytics and artificial intelligence to identify tax evaders and debtors. This led to the strengthening of enforcement measures and an increase in the rate of collection of tax debts. Overall, the U.S. experience with tax liabilities emphasizes the importance of a well-functioning tax collection and collection system, as well as the need for flexibility in payment options for taxpayers who cannot pay their tax debt in full at once. emphasizes.

In South Korea, the National Tax Service (NTS) is responsible for enforcing tax laws and collecting taxes, including tax arrears. The NTS has various ways to encourage taxpayers to voluntarily pay their tax debts, such as offering tax amnesty programs and allowing taxpayers to make installment payments. In recent years, the Korean government has also focused on improving tax law by strengthening enforcement and increasing penalties for tax evasion. For example, the government introduced a real-name financial transaction system to monitor financial transactions and prevent tax evasion. In addition, the government introduced a tax crime investigation unit to investigate and prosecute serious tax crimes. In terms of tax debt reduction, the Korean government has established a tax relief program to allow taxpayers to pay their tax debt in less than the full amount owed. The program is designed to encourage taxpayers to pay their tax debts and avoid bankruptcy. The government also offers a tax rebate system to businesses that invest in research and development or in certain designated industries. The Korean government seeks to improve tax compliance and reduce tax debt through voluntary compliance measures, mandatory measures, and debt reduction programs.

Conclusion and suggestion:

Strengthen tax education and literacy: Many studies have shown that tax morale and compliance can be improved through education and awareness campaigns. Governments should invest in tax education programs targeting taxpayers, especially small business owners and individuals. Complex tax systems can lead to confusion and errors, which in turn can increase tax liabilities. Simplifying the tax system can reduce the burden on taxpayers and encourage compliance.

Fines and penalties are often used to deter tax evasion and non-compliance. At the same time, coercive measures should be fair and proportionate, targeting those who deliberately avoid paying taxes. Culture and social norms can influence tax



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compliance. Governments should consider cultural and social factors when developing tax policies and enforcement measures.

Voluntary compliance can be encouraged through various means such as tax incentives, transparency and confidence building measures. Tax revenues are essential for financing public goods and services and stimulating economic development. Governments need to explain to taxpayers the importance of tax compliance and demonstrate how tax revenues are used for the benefit of society.

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