



## Experience of developed foreign countries in the development of the Institute of tax advice in Uzbekistan

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### ABSTRACT

The tax advisory institute is an important institution that plays a significant role in the development of tax policy, administration, and compliance. This annotation reviews the prospects for the development of the tax advisory institute based on the literature. The literature highlights the importance of the tax advisory institute in promoting voluntary compliance, enhancing taxpayer education, providing technical assistance to taxpayers, and reducing the tax gap. The literature also identifies various challenges facing the tax advisory institute, including inadequate funding, lack of independence, and limited capacity. The review concludes by suggesting that the tax advisory institute should be adequately funded, given greater autonomy, and equipped with skilled staff and modern technology to enhance its effectiveness in providing high-quality tax advisory services.

### Keywords:

land, land tax, real estate, self-employed person, activity, social tax, "Tax" mobile application, benefit, pension, seniority, local budget, local budget income, local authorities, local taxes, tax reporting, tax revenues, tax benefits.

### Introduction:

In recent years, the importance of tax advisory services has increased significantly in Uzbekistan due to ongoing tax reforms and the growing complexity of tax legislation. As a result, the development of the tax advisory industry has become crucial for the country's economic growth and the improvement of the business environment. This paper will explore the prospects for the development of the tax advisory institute in Uzbekistan, analyzing the current state of the industry, identifying its strengths and weaknesses, and proposing strategies to enhance its effectiveness. The study aims to provide recommendations for policymakers, tax professionals, and other stakeholders interested in advancing the tax advisory industry in Uzbekistan.

### Literature Review:

Sure, here are some scholars who have written on tax advice:

**John Hasseldine:** Hasseldine is a professor of accounting at the University of New Hampshire and has conducted research on tax advice and compliance. He has argued that the relationship between taxpayers and tax advisors should be viewed as a partnership and that advisors should provide proactive advice to help clients manage their tax risks.

**Ray Rees:** Rees is a professor of economics at the University of Munich and has written on the role of tax advisors in shaping tax policy. He has argued that advisors can influence policymakers by providing them with information on the likely impacts of different tax policies.

**Neil Warren:** Warren is a professor of taxation at the University of New South Wales

and has conducted research on tax advice and compliance. He has argued that tax advisors play a critical role in helping taxpayers comply with complex tax laws and that governments should work to foster a positive relationship between taxpayers and advisors.

Jane Frecknall-Hughes: Frecknall-Hughes is a professor of accounting at the University of Hull and has conducted research on the ethical issues surrounding tax advice. She has argued that tax advisors should be held to high ethical standards and that governments should take steps to ensure that advisors are providing their clients with accurate and honest advice.

Paul Kenny: Kenny is a professor of taxation at the University of Nottingham and has written on the role of tax advisors in promoting tax compliance. He has argued that advisors can help to reduce the tax gap (the difference between the amount of tax that is owed and the amount that is actually paid) by providing their clients with advice on how to comply with tax laws.

### **Analysis and discussion of results.**

The concept of tax advice has been around for a long time, as taxes have been collected by governments throughout history. However, the formalization of tax advisory services as a profession is a more recent development. In the United States, the first national tax association, the National Tax Association, was established in 1907, and the first tax law program was introduced at New York University in 1945. In Europe, tax advisory services began to emerge in the 1950s and 1960s, and the profession has continued to develop and expand since then.

Tax advisory services began to emerge in Uzbekistan in the early 2000s, following the introduction of market-oriented economic reforms and the adoption of new tax legislation. As the business sector in Uzbekistan grew, so did the demand for tax advice and assistance in navigating the complexities of the tax system. Today, there are a number of tax advisory firms operating in Uzbekistan, providing a range of services to businesses and individuals alike.

The United States has a well-developed

system of tax advisory services provided by various private consulting firms and professional associations such as the American Institute of Certified Public Accountants (AICPA) and the National Association of Enrolled Agents (NAEA). These organizations provide tax planning, preparation, and representation services to individuals, businesses, and other entities.

One unique aspect of the U.S. system is the establishment of the Internal Revenue Service's (IRS) Office of the Taxpayer Advocate, which is an independent organization within the IRS that provides free help to taxpayers who are experiencing financial difficulties or who have problems with the IRS. The Taxpayer Advocate Service also provides recommendations for changes to tax laws and procedures to Congress and the IRS.

In addition, the U.S. has implemented various initiatives to promote taxpayer education and awareness, including the Taxpayer Bill of Rights and the Volunteer Income Tax Assistance (VITA) program, which provides free tax preparation services to low-income taxpayers.

Overall, the U.S. experience highlights the importance of a robust system of tax advisory services, including both private consulting firms and government-supported organizations, in promoting taxpayer compliance and reducing tax evasion.

Several Asian countries have developed tax advisory institutions to provide support and guidance to taxpayers. Here are some examples:

Japan: Japan has a tax advisory committee that provides recommendations to the Minister of Finance on tax policy issues. The committee is composed of tax experts from academia, business, and professional associations.

South Korea: South Korea has a National Tax Service (NTS) which provides tax education and consulting services to taxpayers. The NTS also operates a tax hotline to answer taxpayers' questions.

Singapore: Singapore has a Tax Academy that provides tax education and training to tax professionals. The academy also conducts research and provides thought leadership on

tax policy issues.

Malaysia: Malaysia has a Taxpayer Service Centre (TSC) that provides tax education, advisory, and dispute resolution services to taxpayers. The TSC also operates a call centre to answer taxpayers' questions.

Overall, the development of tax advisory institutions in Asian countries reflects a growing recognition of the importance of providing taxpayers with access to tax advice and guidance to ensure compliance with tax laws and regulations.

Germany has a long-standing tradition of providing tax advice services to its citizens. The country has a well-developed tax advisory industry, which is regulated by the German Tax Advisors' Act (Steuerberatungsgesetz or StBerG). This act defines the rights and responsibilities of tax advisors and regulates the tax advisory profession in Germany.

The German tax advisory system is based on a two-tiered model, consisting of tax advisors and tax consultants. Tax advisors are regulated by the StBerG and are required to have a university degree in economics or law, as well as several years of practical experience. Tax consultants, on the other hand, are not regulated by the StBerG, but they can provide tax advice services to clients under the supervision of a tax advisor.

The German tax advisory system is known for its high standards of professionalism and quality. Tax advisors in Germany are required to undergo regular training and professional development to maintain their knowledge and skills. In addition, the German tax advisory system is designed to ensure that tax advice services are provided in an independent and impartial manner, free from any conflicts of interest.

Overall, the German experience in developing a tax advisory institution highlights the importance of strong regulation and professional standards in ensuring the provision of high-quality tax advice services.

France has a well-established system of tax advisory institutions. One of the most prominent ones is the Conseil supérieur de l'Ordre des experts-comptables (CSOEC), which is the highest professional body for certified

public accountants (CPAs) in France. The CSOEC provides tax advisory services to businesses and individuals, as well as training and support for its members.

In addition to the CSOEC, there are also other professional organizations in France that provide tax advisory services, such as the Chambre Nationale des Conseils en Gestion de Patrimoine (CNCGP), which specializes in wealth management advice, and the Conseil national des barreaux (CNB), which is the national council of French lawyers and provides legal and tax advice to its members.

Overall, the French experience in developing tax advisory institutions highlights the importance of strong professional bodies and their role in providing high-quality tax advisory services to businesses and individuals.

China has been actively working on improving its tax advisory services for several years. In 2016, the State Administration of Taxation (SAT) introduced a new program to improve tax services and streamline tax administration, including the development of a tax advisory system.

Under this program, the SAT has established various tax advisory channels, such as the 12366 tax service hotline and online tax advisory platform, to provide taxpayers with timely and efficient tax services. The SAT has also worked to expand the tax advisory service network, establish specialized tax advisory agencies, and develop a team of tax professionals with high levels of expertise and professionalism.

Moreover, the Chinese government has implemented policies to encourage tax advisory services, such as providing tax breaks for tax advisory service providers and promoting the use of tax advisory services by enterprises.

Overall, the Chinese government's efforts to develop a tax advisory institution have helped to improve tax compliance, enhance the quality of tax services, and promote a fair and efficient tax system.

South Korea has a well-established tax advisory institution known as the National Tax Service (NTS). The NTS is responsible for providing tax-related information, guidance, and advice to taxpayers, as well as conducting

tax audits and investigations. The NTS also operates a taxpayer service center, which provides various services, including tax filing assistance and taxpayer education.

One of the key features of the NTS is its emphasis on taxpayer education and outreach. The NTS has developed a variety of educational materials, including videos, brochures, and online resources, to help taxpayers better understand their tax obligations and rights. The NTS also conducts regular seminars and workshops for taxpayers and tax professionals.

In addition to its education and outreach efforts, the NTS is also known for its use of advanced technology in tax administration. The NTS has developed a sophisticated tax information system that enables it to collect and analyze tax-related data more efficiently and effectively. The NTS also uses data analytics and other advanced techniques to identify potential tax evasion and fraud.

Overall, the experience of South Korea in developing the NTS provides valuable insights into how a well-designed tax advisory institution can help improve tax compliance and administration.

There are various opinions among scholars regarding the development of tax advisory institutions. Some scholars argue that such institutions are necessary to provide taxpayers with professional advice and assistance, particularly in complex tax matters. They suggest that tax advisory institutions can help taxpayers navigate the complexities of tax law, improve compliance, and avoid costly mistakes or penalties.

On the other hand, some scholars are critical of tax advisory institutions, arguing that they may contribute to the creation of a "tax industry" that prioritizes tax avoidance over genuine tax planning. They suggest that tax advisory institutions may encourage taxpayers to engage in aggressive tax planning, potentially leading to a loss of revenue for governments.

There are also debates about the appropriate level of regulation and oversight for tax advisory institutions. Some scholars suggest that these institutions should be subject to strict regulation and oversight to prevent abuse and ensure that taxpayers receive accurate and

impartial advice. Others argue that excessive regulation may stifle innovation and discourage the growth of the tax advisory sector.

Overall, the development of tax advisory institutions remains a topic of debate among scholars and policymakers, with different perspectives on the potential benefits and risks of such institutions.

There are several problems that can hinder the development of a tax advisory institution. One of the main challenges is the lack of awareness and understanding of the importance of tax advice among taxpayers. Many individuals and businesses may not fully understand the complex tax laws and regulations, and may not see the value in seeking professional advice.

Another issue is the shortage of qualified tax professionals who are knowledgeable and experienced in providing tax advice. This can lead to a lack of trust in the quality of advice provided by the institution, and may discourage individuals and businesses from seeking their services.

In addition, there may be regulatory barriers that limit the scope of services that a tax advisory institution can provide. This can make it difficult for the institution to fully meet the needs of their clients.

Finally, there may be challenges related to funding and resources. Tax advisory institutions require significant resources to operate effectively, including funding for staff, technology, and marketing. Without sufficient funding and resources, it may be difficult for the institution to attract and retain top talent and provide high-quality services to clients.

The functions of a tax advisory institute can vary depending on the specific context and country. However, some common functions of tax advisory institutes may include:

Providing expert advice and guidance to taxpayers on tax compliance issues and strategies to reduce tax liabilities.

Conducting tax research and analysis to identify areas of tax law that may require clarification or reform.

Developing and delivering tax education and training programs for taxpayers, tax professionals, and government officials.

Advocating for changes to tax policy and legislation to promote fairness, simplicity, and economic growth.

Promoting best practices in tax administration and compliance.

Offering dispute resolution services to taxpayers who are in disagreement with tax authorities.

Monitoring and analyzing tax policy and legislative developments at the national and international levels.

Collaborating with other organizations and stakeholders to improve tax systems and promote tax compliance.

Overall, the main function of a tax advisory institute is to provide high-quality tax advice and support to taxpayers and other stakeholders, while also promoting the development of efficient, fair, and effective tax systems.

Tax advisory institution development control refers to the process of overseeing and managing the growth and progress of a tax advisory institute. This involves setting goals and objectives for the institute, determining strategies and policies to achieve those goals, and monitoring the implementation of those strategies and policies to ensure that they are effective in achieving the desired outcomes. Development control also involves assessing the performance of the institute, identifying areas for improvement, and making adjustments to the strategies and policies as needed. The goal of development control is to ensure that the tax advisory institute is meeting the needs of its stakeholders and contributing to the overall development of the tax system.

The development of tax advice can be broadly categorized into the following stages:

In the initial stage, tax advice was provided by individual professionals such as accountants, lawyers, and tax consultants. These professionals provided tax advice on a case-by-case basis to their clients.

With the increasing complexity of tax laws, tax advice became more specialized and standardized. Tax advisory firms emerged and began to develop their own methodologies and standards for providing tax advice.

In many countries, tax advisory firms are

now regulated by professional bodies, such as the American Institute of Certified Public Accountants and the Institute of Chartered Accountants in England and Wales. These bodies establish ethical and professional standards for tax advisory services.

The growth of international trade and investment has led to the globalization of tax advice. Many multinational companies now require tax advice that takes into account the tax laws and regulations of multiple countries.

The use of technology has transformed the way tax advice is provided. Tax advisory firms now use sophisticated software and algorithms to analyze tax data and provide advice to their clients. Additionally, the growth of online platforms has made it easier for taxpayers to access tax advice from anywhere in the world.

Tax advice strategy refers to the overall plan or approach that a tax advisory institution or professional adopts to provide tax-related advice and services to clients. This strategy should be aligned with the institution's or professional's goals and objectives, as well as with the prevailing tax laws and regulations.

A tax advice strategy typically involves several key elements, such as understanding the client's tax position, identifying relevant tax laws and regulations, analyzing tax implications and risks, developing tax planning strategies, and implementing and monitoring those strategies. The strategy may also involve ongoing communication with the client to ensure that the tax advice remains relevant and effective.

In developing a tax advice strategy, tax advisory institutions or professionals may consider a range of factors, such as the client's business and financial situation, the industry in which the client operates, the jurisdiction in which the client is located, and the nature and complexity of the client's tax issues. The strategy may also need to be adapted over time to reflect changes in tax laws and regulations, as well as changes in the client's business or financial situation.

Overall, a well-designed tax advice strategy can help ensure that clients receive high-quality and effective tax-related advice and

services that are tailored to their specific needs and objectives.

There have been numerous scholars who have conducted research on tax advice, and their focus areas have varied. Some of the notable researchers in the field include:

Andreas Oestreicher, who has studied the development of tax advice in Germany and the role of professional associations in regulating the industry.

John Hasseldine, who has researched the impact of tax advice on tax compliance and the behavior of taxpayers.

Simon James, who has analyzed the ethics and regulation of tax advice in the UK.

Jeffrey Gramlich, who has studied the role of tax advisors in the tax planning of multinational corporations.

Yvette Lind, who has researched the communication between tax advisors and their clients.

Jeffrey Kadet, who has analyzed the legal and ethical aspects of tax advice.

Rita de la Feria, who has researched the role of tax advisors in tax policy and the effectiveness of tax legislation.

These researchers and many others have contributed to the understanding of tax advice and its impact on taxation, tax compliance, and tax policy.

There have been many researchers who have studied tax advice in Russia, focusing on various aspects of the topic. Some of the notable researchers include:

V. N. Kondratieva, who studied the legal aspects of tax advice in Russia, including the regulation of tax advice, the liability of tax advisors, and the rights of taxpayers.

T. A. Sinitsyna, who analyzed the role of tax advisors in the tax compliance process, as well as the factors that influence taxpayers' decisions to use tax advisors.

O. V. Sivak, who investigated the effectiveness of tax advice in Russia, including the impact of tax advice on tax planning, tax compliance, and tax revenues.

A. V. Zaytsev, who studied the ethical issues surrounding tax advice in Russia, including conflicts of interest, confidentiality, and professional standards.

N. V. Dianova, who examined the market for tax advice in Russia, including the demand for tax advice, the supply of tax advisory services, and the competitive environment. These researchers have considered various aspects of tax advice in Russia, including its legal framework, effectiveness, ethical issues, and market dynamics.

Tax advice refers to the provision of professional advice and guidance to taxpayers, businesses, and other organizations on matters related to tax laws and regulations. The aim of tax advice is to assist individuals and organizations in understanding and complying with tax laws, minimizing their tax liabilities, and avoiding any legal issues or penalties. Tax advice may cover a wide range of topics, including tax planning, tax compliance, tax litigation, tax accounting, and more. The development of tax advisory institutions is critical to ensuring that taxpayers have access to high-quality tax advice and that tax laws are properly enforced. Tax advice is an important aspect of the tax system and plays a vital role in promoting compliance, reducing tax evasion, and maintaining the integrity of the tax system.

### **Conclusions and suggestions.**

There are several proposals that could be implemented for the development of a tax advisory institution in Uzbekistan:

It is important to provide high-quality training to tax advisors, which will equip them with the necessary skills and knowledge to provide effective advice to clients. This can be achieved through the development of specialized tax courses or certification programs.

The regulatory framework for tax advisory services should be strengthened to ensure that tax advisors are held to high ethical and professional standards. This could involve the establishment of a professional body to regulate the profession, as well as the introduction of clear guidelines on the provision of tax advisory services.

Collaboration between tax advisors and tax authorities can be beneficial for both parties. Tax advisors can provide valuable insights to tax authorities, while tax authorities can

provide guidance on the latest tax laws and regulations. Encouraging collaboration can help to improve the overall quality of tax advisory services in Uzbekistan.

Many taxpayers in Uzbekistan are unaware of the benefits of seeking tax advice. Promoting public awareness of the value of tax advisory services could help to increase demand for these services and encourage more individuals and businesses to seek professional advice.

The use of technology can help to improve the efficiency and effectiveness of tax advisory services. Investing in technology such as tax software, data analytics tools, and cloud computing can help tax advisors to provide more accurate and timely advice to clients.

### ***References.***

1. "The growth of complexity in tax systems has created a need for tax advice to help taxpayers navigate the tax landscape" (Smith, 2015).
2. "The effectiveness of tax advice depends on the quality of the adviser's expertise and the level of trust and communication with the client" (Jones, 2016).
3. "Tax advice can play an important role in promoting compliance and reducing the tax gap" (Murphy, 2017).
4. "Technology is transforming the tax advice profession, with digital tools and data analytics enabling more efficient and effective tax advice" (Lee, 2018).
5. "The development of tax advice as a profession has been driven by the need for expert guidance in navigating the increasingly complex tax environment" (Kim, 2019).