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**DIRECTIONS FOR IMPROVING THE TAX DEBT RECOVERY MECHANISM**

**Kuzieva Nargiza Ramazanova, Sagdillaeva Zulfiya Asanalievna, Usmanova Mukhlisa Sagdullaevna**

Tashkent Financial Institute, Doctor of Economics

**Abstract:** The article presents the theoretical and organizational-legal foundations of tax debt collection in the country, as well as conclusions and suggestions for improving the tax debt collection mechanism.

**Key words:** taxes, payments, taxpayer, tax debt, tax credit, financial sanctions, penalties.

Tax arrears means the amounts of calculated (calculated) and unpaid taxes, including outstanding and current payments, as well as unpaid financial sanctions and penalties.

In general, debt is an obligation. Indebtedness is the sum of debts or otherwise the sum of liabilities. The non-fulfillment of the obligation, which is the basis of the concept of indebtedness, creates an undoubted responsibility. For this reason, tax debt is directly related to tax liability.

In our opinion, this rule reflected in the legislation does not apply only to individuals, but also to legal entities, including individual entrepreneurs.

According to foreign scholars, "Taxpayers' understanding of taxes and tax debt in the same context creates confusion." No court or tax authority shall levy or withhold taxes. Only tax debt or penalties and financial sanctions are required to be collected. Even the tax debt can be paid voluntarily without being collected. Only if this conclusion is established not only in legislation, but also reflected in the legal consciousness of citizens, taxes will appear as a sign of "freedom" for taxpayers.<sup>1</sup>

Of course, the increase in tax debt affects the decrease in tax revenues. This, in turn, causes the sectors financed from the state budget not to be fully funded. "The occurrence of tax debt not only causes taxpayers' funds to be diverted from the circulation of the national economy, but also causes serious socio-economic situations with long-term negative effects, affects the economy, and ultimately brings serious consequences to the taxpayer's activity. Indebtedness has an impact on the production process, circulation, accumulation and consumption of material resources, and has a negative impact on the solution of social problems of the population.

The current tax debt, in turn, is divided into 2 groups:

- normal tax arrears for taxes and levies that have not yet been paid;
- postponement of tax debt in accordance with tax legislation or payment in installments, investment tax credit cases.

If the current tax debt is not paid within the specified period, it is included in the overdue tax debt group.

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<sup>1</sup> Мороз В.В. Налоговое администрирование задолженности организаций по налогам и сборам: проблемы взыскания.: дис. канд. экон. наук. – М., 2011 г.

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About the authors : Kuzieva Nargiza Ramazanova

Email:

Overdue tax arrears are overdue taxes and levies, fines and financial penalties, or overdue taxes specified in the contract concluded between the tax authority and the enterprise.

Also, an overdue tax debt is a recoverable tax debt. At the end of the restructuring period, the tax debt is collected, in which case it is called the recovered tax debt, and if it is not collected, it is written off as bad tax debt.

Restructuring of tax debt is a change in the sums owed on taxes and fees, including their amount, composition, form and payment period, as well as, as a result, the maximum financial capacity of the enterprise within the framework of the law.

purposeful action aimed at support is understood.

Bad (uncollectible) tax debt is written off. But not all bad tax debts can be written off, because they can be paid by taxpayers in certain cases established by law.

A contingent tax liability is a liability that can become an actual liability under certain conditions, representing a potential liability. This liability arises as a result of past transactions and is dependent on future events. For example, in cases where a taxpayer's payment of tax debt is subject to a court decision, the taxpayer may or may not pay based on the outcome of that decision. If the amount of tax debt has to be paid based on a court decision, such debt is included in the group of overdue debt.

Taxpayers may incur tax arrears for a number of reasons, depending on the extent of exposure over a period of time. Accordingly, the analysis of the causes of the tax debt makes it possible not only to classify the rate of growth of the tax debt, but also to determine the measures for their elimination. Of course, the result of these measures will not lead to full recovery of the tax debt of taxpayers, but it is possible to reduce the tax debt to a certain extent under the harmony of the actions of the tax authorities that collect the tax debt with these measures.

Political instability in the country is sure to derail its economy. In addition, tax debt is more likely to increase during economic cycles, such as "downturns" or crises.

Changes in market demand and supply at the macro and micro level also have a dramatic impact on the growth or decline of tax liability. This is also evaluated by the changes in the exchange rate and the deficiencies in the payment system in the next sequence.

In our country, taxes are the main support of the state economy. Timely and full collection of taxes ensures stable development of the country's economy and increase of socio-economic and defense power. Also, the collection of taxes calculated into the budget is important for the fulfillment of internal and external obligations of the republican and local authorities. Therefore, paying attention to the improvement of ways to eliminate tax debts of taxpayers is defined as an important task of tax authorities.

In our country, efforts are being made to improve the recovery mechanism using world-recognized methods for the protection of human interests, tested on the basis of foreign experiences. These objectives are fully reflected in the example of the tax system of the following countries (Table 1) we can see.

#### **Table-1**

#### **Specific features of the tax debt recovery mechanism in foreign countries**

Countries	Tax debt collection mechanism
USA	Interest on unpaid taxes is calculated at the rate of 6 percent per year. And for late fines per month is 0.5 percent. If the taxpayer owes tax If he pays 90 percent, he may not pay the fines, but he will pay the penalties assessed on the taxes.
Japan	The tax authority has the authority to independently collect the tax debt, based on it, in case of non-fulfillment of the obligation, the tax authority can independently use compulsory means of collection.
Germany	The tax debt begins to be collected after the quarterly turnover of business entities exceeds 1,500,000 euros, and the tax rates also increase depending on the turnover of the enterprise. Also, the practice of waiving tax debts of small business entities is widely used.
China	Income obtained without payment of tax debt will be confiscated and bank accounts will be frozen, licenses will be revoked, and the taxpayer or his agent will be fined from 10,000 yuan to 50,000 yuan. (up to 16,421.4 - 82,107.0 thousand soums) shall be fined.
France	Investigates the reason for tax debt. If the tax debt was not intentionally incurred by the taxpayer, the tax authority will send a notice to pay the tax debt within 30 days and no penalties or fines will be applied.
Italy	Failure to pay taxes on time is a penalty of 30 percent of the amount of tax debt. However, if the tax debt is delayed for up to 15 days, a fine of 1% is imposed, and if it is not paid within 15-90 days, a fine of 15% is imposed.
Khazakstan	The tax authority publishes the list of taxpayers with tax debt (if the tax debt is not canceled within 4 months) in the mass media.

Summarizing the above-mentioned foreign experiences, we can see the positive and negative aspects of tax debt collection measures of foreign countries. Nevertheless, we believe that it would be appropriate to introduce some of them into the tax system of Uzbekistan.

As a result of research, we believe that it is necessary to improve the following main directions of reducing tax debt and increasing the efficiency of collection in Uzbekistan:

1. Tax subjects are almost non-existent in general education, secondary special and higher education institutions.

Tax culture is understood as the economic relationship between the taxpayer and the tax authority in accordance with the tax legislation. Therefore, the level of development of the tax culture in the country is expressed by the timely and full amount of taxes and fees transferred to the budget by taxpayers.

During the years 2017-2021, 67% of the tax revenues to the state budget were collected compulsorily and 33% were paid on a voluntary basis. Accordingly, raising the tax culture of taxpayers in our country is still one of the urgent issues.

2. In some cases, the tax authority did not have a procedure for correcting wrongly issued tax debt write-off applications.

The amounts shown in the applications issued by the tax authority may not always be correct or accurate and as a result artificial tax debts are created. Here are some examples of factors:

- when the taxpayer submits a re-report (reduction);
- if additional taxes calculated as a result of a tax audit are partially or completely canceled by a court or a higher authority, it is necessary to make a corresponding change to the previously sent application (submission of a clarified application).

**Table-2**

**Analysis of applications of legal entities and individual entrepreneurs for tax debt recovery for certain reasons (in trillion soums)**

Years	Execution suspended		from which:					
			Issued incorrectly		Bankruptcy status		Other cases	
	the number	amount	the number	amount	the number	amount	the number	amount
2017 й	1 133 051	11,9	3 226	2,0	1 966	0,9	1 127 859	8,0
2018 й	1 325 485	17,9	2 391	1,8	2 180	1,2	1 320 914	14,9
2019 й	1 625 354	21,3	2 632	2,1	2 634	1,7	1 620 088	17,5
2020 й	1 102 015	11,7	986	0,3	1 833	0,3	1 099 196	11,1
2021 й	1 908 275	24,2	2 128	1,9	2 551	0,2	1 903 596	22,1

From the above table data we can see that

In 2017-2019, since there was no such norm in the Tax Code in force at that time, a clarified application was not sent. However, in those years (Table 4) a total of 8,249 applications (5.9 trillion soums) were wrongly issued for some reasons and caused taxpayers to have artificial tax debts.

3. The procedure for continuously announcing the list of legal entities and individual entrepreneurs with tax debt in mass media, including social networks, has not been established.

4. Tax authorities will not send tax debt cancellation notices to individuals who are not sole traders electronically. In practice, there are cases where all payment notices issued by the tax authority do not reach individuals who are not engaged in individual business activities.

In the case of individuals who are not engaged in individual business activities, at this stage, the tax authority is limited to sending payment notices on canceling a single tax debt, and we can consider this from the information in Table 3 below.

**Table-3**

## **Analysis of payment notices issued by tax authorities in the recovery of property and land tax debts of natural persons across the Republic**

№	Indicators	Quantity
1	Average number of individuals paying property and land taxes	7 400 000
2	The average number of payment notices issued by the tax authority during the year	7 100 000
	Of this: the average number of paid notices printed on paper	7 100 000
3	The average number of employees involved in tax debt collection in tax authorities	675
4	According to the Tax Code, the average number of days during the year during which payment notices are submitted	60
5	The average number of payment notices to be submitted by one employee in 1 day	175

The results of the analysis showed that in practice, one employee should distribute an average of 175 payment notices during 1 working day, but this is almost impossible. As a result, there is a possibility that the responsible employees of the tax authority will not be able to fully fulfill the tasks assigned to them, and will be artificially responsible. In addition, this situation leads to a delay in the payment of tax debt.

As a result of the conducted research, the following scientific proposals and practical recommendations were developed to improve the tax debt recovery mechanisms:

1. In order to further improve the tax culture in the country, it is considered appropriate to introduce tax subjects in general education, secondary special and higher education institutions (based on the experiences of foreign countries).
2. It is expedient to make relevant changes and send clarified applications to the applications for cancellation of tax debt, which are wrongly sent to business entities by the tax authority for some reasons. As a result, artificially generated tax debt is avoided.
3. We believe that the publication of the list of legal entities and individual entrepreneurs with tax debt in mass media, including social networks, will have a positive effect. This practice leads to a negative impact on the status (reputation) of the debtor enterprise and, as a result, a decrease in the economic relationship between the enterprise and the counterparties. This, in turn, strengthens the company's desire to pay taxes on time and in full.
4. The establishment of a mechanism for the tax authority to send tax debt cancellation notices to individuals who are not self-employed individuals electronically, i.e. via SMS, Social Network and other electronic means, will be positive for the timely payment of taxes in the future, including the reduction of tax debts. becomes important.

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5. In order to make it easier for taxpayers to pay their tax debts and to prevent them from incurring tax debts in the future, it is advisable to change the tax payment period, that is, to postpone the payment of taxes or to give them the opportunity to pay them in installments.

6. When collecting tax debt from taxpayers

giving the tax authority the right to take measures related to the identification of property will have a positive result in reducing tax debts in the future.

The implementation of the above-mentioned scientific proposal and practical recommendations will be important in the future in collecting tax debts of business entities operating in the country, including in preventing them from incurring tax debts.

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