

IMPLEMENTING MEDIUM TERM REVENUE STRATEGY IN UZBEKISTAN

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Abstract: *Uzbekistan, like any other country, requires a well-defined revenue strategy to promote economic growth and development. This article will discuss the importance of implementing a medium-term revenue strategy in Uzbekistan and provide recommendations on how to effectively implement such a strategy.*

Key words: *MTRS (medium-term revenue strategy), tax policy and administration, tax revenue, tax revenue collection, reforms, revenue mobilization, tax evasion, audit, tax base, tax burden.*

The Mirziyoyev administration in Uzbekistan has recognized the need for comprehensive reforms and strategic planning to stimulate economic growth and improve the well-being of its people.

One of the important documents signaling the government's goals is the "Action Strategy on Five Priority Directions for the Development of the Republic of Uzbekistan 2017-2021".

This document serves as a blueprint for the goals to be achieved in the period of 2017-2021, highlighting areas such as governance and transparency at all levels, as well as sectors such as transport, energy, industry, and renewable resource development for targeted investment and technological improvement. To effectively implement a medium-term revenue strategy in Uzbekistan, it is crucial to consider the country's current economic situation, as well as its long-term development goals and priorities. The adoption of the "Digital Uzbekistan -2030" strategy further emphasizes the government's commitment to modernize and digitize various sectors of the economy, including revenue generation and

management. As the country aims to diversify its economy and attract foreign investment, a robust revenue strategy is essential. Fiscal policy and revenue collection play a vital role in promoting private sector investment and job creation. Research has shown that higher tax rates on businesses can deter formal business operations and limit private investment. Therefore, implementing an effective medium-term revenue strategy in Uzbekistan is crucial for creating a favorable business environment and attracting both domestic and foreign investment. One of the key factors to consider when implementing a medium-term revenue strategy in Uzbekistan is the improvement of tax policy and administration. This involves enhancing revenue collection mechanisms, streamlining tax code interpretation, and strengthening VAT refund procedures.

It is also necessary to address any existing ambiguities and inconsistencies in the tax code to provide clarity and assurance to businesses. Moreover, it is crucial to support the development of small businesses and private entrepreneurship as part of the revenue strategy. This can be done by providing easier access to financial resources, offering incentives for formalizing businesses, and simplifying the taxation process for small enterprises. Additionally, there is a need to invest in the training and development of qualified tax specialists who can navigate the complexities of the tax system and provide effective guidance to taxpayers. Furthermore, promoting the growth of key sectors such as tourism and hospitality through targeted marketing strategies is essential for revenue generation. Implementing a medium-term revenue strategy in Uzbekistan requires a comprehensive approach that takes into account various factors and sectors of the economy. It is crucial to prioritize the digital transformation of government services and introduce innovative technologies that can streamline revenue collection processes. This will not only improve efficiency but also reduce opportunities for corruption and enhance transparency in revenue management.

Moreover, it is imperative to strengthen good governance and increase government accountability in order to optimize tax revenue generation. Good government governance practices promote transparency, integrity, and efficiency in the tax administration process. By adopting measures such as implementing robust internal controls, conducting regular audits, and enforcing strict compliance regulations, the government can ensure that tax revenue is collected effectively and efficiently.

Furthermore, strategic tax reforms should be implemented to address any existing fiscal imbalances. These reforms should aim to maximize fund generation for development and economic growth. They should also focus on improving the governance of the country by promoting fairness and equity in the taxation system. This can be achieved through measures such as eliminating unnecessary loopholes and exemptions that benefit only certain sectors or individuals. By implementing a fair and equitable tax system, the government can ensure that all businesses and individuals are contributing their fair share, which in turn will lead to a more balanced and sustainable revenue generation.

Additionally, the implementation of e-government can play a crucial role in enhancing tax revenue. The use of technology and digital platforms can streamline tax compliance processes and reduce the cost and burden of tax administration. This can be done through the introduction of online tax filing systems, electronic payment options, and improved data management systems. By embracing technological advancements, the government can improve its ability to collect, analyze, and track tax data, which is essential for effective revenue mobilization. To ensure the successful implementation of a medium-term revenue strategy in Uzbekistan, it is important to consider the following steps:

1. The government should prioritize building a robust tax administration mechanism by investing in technology and capacity-building of tax officials. This will help improve the efficiency and effectiveness of tax collection processes, supporting taxpayers in fulfilling their tax obligations voluntarily, reducing opportunities for tax evasion and fraud, reforming regional tax offices and continuing the standardization of processes.

2. The government should work towards promoting a culture of tax compliance and awareness among businesses and individuals. This can be achieved through public awareness campaigns, educational programs, making it simpler for taxpayers to fulfill their obligations through the use of digital tools and training and providing accessible resources for taxpayers to understand their obligations and rights.

3. Implementing tax reforms that aim to broaden the tax base and reduce the burden on low-income individuals and small businesses should be considered by authorities.

4. The government should establish a transparent and accountable tax system, ensuring that tax policies are communicated clearly, and tax

regulations are consistently applied. This will help build trust and confidence among taxpayers, encouraging voluntary compliance.

5. The government should strengthen its efforts to combat tax evasion and enforce tax laws, including conducting regular audits and investigations to identify and penalize those who engage in fraudulent activities. Furthermore, international cooperation and coordination among revenue authorities can also contribute to improving tax revenue collection.

6. the authorities should also consider decreasing the size of the shadow economy. To reduce the shadow economy, it is necessary to identify the root causes of it, introduce mechanisms to encourage non-cash payment systems, strengthen the penalty regime and specifically target the most egregious tax offenses, implement compliance risk management strategies to direct resources toward the biggest risk.

By implementing these measures, the government can enhance tax revenue collection and promote a fair and efficient tax system that supports economic growth and development. In order to implement a medium-term revenue strategy in Uzbekistan, it is crucial to prioritize building a strong and efficient tax administration mechanism. This can be achieved by investing in technology and capacity-building of tax officials, promoting tax compliance and awareness, implementing tax reforms to broaden the tax base and reduce burden on low-income individuals and small businesses, establishing a transparent and accountable tax system, and strengthening efforts to combat tax evasion. Moreover, the government should also focus on strengthening tax administration capacity and tackling issues such as corruption that undermine revenue collection efforts. By addressing these key areas, Uzbekistan can work towards improving its domestic resource mobilization and maximizing its tax revenue to contribute to the country's overall success and sustainable development.

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