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## PERFECTION OF METHODOLOGY OF FORECASTING OF TAX REVENUES FROM PHYSICAL PERSONS: FOREIGN EXPERIENCE

**Abstract:** Application of tax planning consists in qualitative organizational and control activity of tax departments for maintenance of timely and full receipt of taxes and tax collections in budgetary system of any country. Planning problems is not only maintenance of receipts in budgetary system of the country of taxes and tax collections, but also increase in tax revenues, and maintenance of their stability on the basis of an establishment of incomes of tax bearers. Without preliminary drawing up of the forecast it is impossible to generate the plan. It is known that tax incomes make an essential share of budgetary incomes, at all stages of social and economic development of the Republic of Uzbekistan, especially in the conditions of developing economic lifting of the country where a problem of achievement of equation of the budget, maintenance of financing of target programs, achievements of steady economic growth it is necessary for achievement of steady economic growth. In modern conditions of perfection, modernization of tax system of the Republic of Uzbekistan, change of priorities of a spent state tax policy there is a transformation of system of tax forecasting and planning at the macro level, consisting in use of new forms and methods of drawing up of forecasts and plans of receipt of obligatory payments in the budget. Mechanisms of realization of tax forecasting and planning represent two processes depending from each other, and process of tax forecasting precedes process of tax planning.

Forecasting and planning of taxes is necessary for considering as the coordinated adaptive mechanism in which decisions on the basis of the issued indicators are corrected and ways of their perfection are reconsidered at constant control and supervision over occurring changes. Base of regulation of tax forecasting are norms of budgetary process. Tax forecasting acts is as one of the main tasks in work of the public authorities which decision is definition of structure and volumes of receipt of tax incomes in the budget, process of their formation and modification of the legislation, working out of plans of mobilization of tax revenues and the further execution of the plan. In article tax forecasting of the Republic of Uzbekistan is considered, processes by definition of tax base under the tax, dynamics calculation on their receipt are considered.

**Key words:** tax forecasting, budgetary process, tax planning, the state budget, the financial policy.

**Language:** English

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### Introduction.

Tax planning is carried out on the basis of the fact sheet about tax revenues, tax bases, at level of collecting and look-ahead values of macroeconomic indicators [1]. The purpose of planning of tax revenues is attraction of the maximum volume of taxes and tax collections in the budget of the country and the level of tax planning consists in an independent estimation of the admissible tax revenues necessary for performance economically of tasks. Tax planning at the state level is base for forecasting of social and economic processes in the country. Research and the further development of forms and

methods of tax planning are caused by necessity of improvement of quality of budgetary planning [2]. For achievement of tax planning at the state level performance of such problems as maintenance of execution of a profitable part of budgets of all levels is necessary; increase in tax revenues according to a gain of tax bases, instead of at the expense of increase of rates, and also at the expense of favorable influence economic and social factors; maintenance of a continuity and stability of tax revenues within a fiscal year; use of various management methods on maximization of tax revenues in practical activities.

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In modern conditions when the major is the problem of deficiency of the state budget of the country, a choice of a well-founded financial policy at state level many countries pass to intermediate term financial planning, including the tax. Quality of planning of tax revenues within the limits of formation of intermediate term financial plans of all levels substantially defines reliability of intermediate term budgets. Be real исполнимым the budget, which forecasting of incomes, including tax can only, considers communications between economic growth, a tax and financial policy, is based on the scientific approach, the analysis and reasonable use of foreign experience [3]. The analysis of foreign practice of tax planning has shown that instability of economic growth, absence of a full complex of standard documents cause complexity of tax planning on separate types of tax with a view of maximization of tax revenues in the country budget. There is an objective requirement of working out of new approaches to planning of separate types of tax, methodical recommendations about realization of such approaches with a view of increase of objectivity and accuracy of the forecast. The well-founded techniques as much as possible considering all factors of calculation of the certain tax, is based on the scientific approach and modern information base which promotes real execution of the budget under tax incomes. About 30 % of tax revenues in the budget of the country from subjects of the Republic of Uzbekistan provides the tax to incomes of physical persons that does rather actual a problem of working out of scientific approaches and methodical recommendations about planning of the given tax. Questions of planning of the tax to incomes of physical persons it is extremely important, but absence of methodical recommendations about planning of the given tax where the importance of the taxation of physical persons and its planning is not to the full accented. Financial and tax departments carry out forecasting of tax revenues in the budgetary system which accuracy influences financing of target programs of social and economic development and priority state projects, and also the planning of tax incomes providing realization of a principle of stability of tax system, coordination of economic processes according to purposes of industrial development, and also influence on state regulation of economy [4]. As has shown the analysis of a tax policy of foreign countries, the greatest urgency is got by the scientifically-methodical approach to an all-round estimation of a tax policy, the partner taxation, mutual relations of the state and economic subjects which is realized in system of tax forecasting and planning, and also a problem of improvement of quality and perfection of the given system and development of its information support. Researches have shown that look-ahead researches in the USA have three levels:

- Forecasting in state regulation system (federal and states; local authorities)
- Intra firm forecasting;
- Commercial forecasting.

Council of economic advisers, Board of governors of Federal Reserve System (FRS) and Is administrative-budgetary management (ABM) are the basic organizations which are engaged in the main look-ahead workings out in the government of the USA. Council of economic advisers as the special body helping the president in economic problems, taxation questions etc., is engaged as well in forecasting of economic processes [5]. In the USA strategic tax forecasting and planning in which course the main indicators of development of economy come to light, plans at different levels are developed and possible negative factors of development of economic subjects come to light [6]. Within the limits of strategic tax forecasting ways of more favorable moving and capital investments not only in the state, but also in other countries are defined. The account of a considerable quantity of factors, major of which - tax is thus necessary. Tax forecasting and planning allows reaching at the minimum expenses of the maximum result. The purpose of tax planning is not the increase in tax payments since it assumes reception of high financial results at minimization of tax expenses. Tax forecasting assumes the decision of financial problems without minimization of taxes, namely attraction of new investors and creditors, prevention of high level of the taxation because of abnormality of carrying out of transactions. The international tax forecasting and planning is a legitimate mechanism of a tax policy on macro- and the micro levels which primary goal is decrease in expenses by creation of effective administrative structure. As the following problem for tax bearers and tax department's complexity of process of the taxation therefore there are problems on application of schemes of optimization of the taxation and on training of tax employees acts [7]. There is an erroneous opinion that tax systems of foreign countries are simpler. Now the tendency of their complication is observed. The tax code of the USA throughout last 30 years has increased on volume in 2 times, in Canada - in 3 times, in the Netherlands - in 2 times [8,9,10].

On taxation level it is possible to allocate three groups of the countries, where level среднелюшевых incomes in the Republic of Uzbekistan lower, than in the advanced countries. The greatest share in structure of incomes the budget of foreign countries is occupied with receipts from surtax - 10 % of gross national product, despite constant decrease in rates. For example, over the last 10 years in Austria rates have decreased from 62 % to 50 %, Belgium - from 72 % to 57 %, France - from 65 % to 54 %). Also there is a reduction of number of steps of a scale of the tax to incomes of physical persons (for example, in Austria - with 10 to 5, France - with 12 to 4, Belgium - from

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12 to 7, Spain - from 34 to 17). Now changes in an order of the taxation of profit of the organizations one of which is decrease in tax rates are observed. For example, last years in Belgium rates are lowered with 45 to 39 %, Denmark - with 50 to 34 %, France - with 45 to 33 %, Germany - with 56 to 45 %, Sweden - with 52 to 28 %, in the USA with 45 to 35 %). Taxes are of great importance in working out economic and social policy of EU Member States that proves to be true a high share of tax incomes in gross national product. The least share of tax incomes in the general structure Sweden – 55.2 % has, the greatest - Portugal – 55.2 % [11-14]. Tax forecasting and planning in foreign countries is the basic tool for achievement of definite purposes. Tax forecasting and planning in foreign countries at macro level acts as the original economic market which is capable to operate a social production, influencing its structure and dynamics, and also to accelerate scientific and technical progress. At micro level, tax forecasting and planning allows to supervise business activity, promoting that, and national economy development. Balance maintenance in foreign trade activities the purpose branch aspect by means of tools of tax forecasting and planning, ideas of minimization of expenses are formed at production and directions of increase of competitive advantages of the domestic organizations in the world market. Tax forecasting and planning allows introducing protectionism, providing economic independence to the economic enterprises.

As taxes are positioned as the basic part of public revenues which are a financial control lever by economy through the State expenditure. The major tools of tax system are tax privileges which represent a way of decrease in tax loading through tax planning. For example, in Germany tax privileges actively receive the firms investing in east earths and on border with them. The Ruhr area in which steel industry, ancient quarters of a city of Luebeck, restored by firms are developed uses tax privileges. Modern industries develop in countryside. Introduction of new taxes is frequently used for regulation of tax revenues. So, in Germany the tax to acetic acid receipts from which were much less expense connected with its collection has been imposed. The tax pursued regulating economic target and consequently has remained in Germany till now, bringing in the state budget considerable means. The increase in level of taxes is capable to solve and social problems. For example, in Germany the number non-smoking because of sharp increase in the excise at tobacco, in difference from a policy of carrying out on various propagation of harm of smoking has much more decreased [15-17]. By means of taxes in the countries of Europe environmental problems dare also. As an example it is possible to name use of catalysts in motor industry of Germany. With a view of improvement of ecological conditions in Germany for the cars equipped with catalysts, the tax and a duty have been considerably

reduced by the gasoline necessary for such cars. Simultaneously with the given measure the excise has been considerably increased by the gasoline containing various harmful additives (for example, lead) and applied in old engines that has allowed to refund expenses on catalysts. Development of the international cooperation, world economy globalization, standardization of economic processes and information support have led to necessity of unification of tax laws, the mutual coordination and streamlining of tax systems. In the countries which have laid down for self the aim of creation of uniform economic space (legislation unification under the VAT in "the Common market" countries), harmonization reaches before unification of tax laws and tax modes, in other states development goes in the area of the conclusion of bilateral and multilateral international agreements on removal of traffic walls, about avoidance of the double taxation of incomes and capitals, unification of separate norms and modes of national tax systems [18-20].

**Research methods.** At article writing methods of the analysis and synthesis of results of research of foreign experience of forecasting of tax revenues from physical persons have been used.

**Discussion of results.** The analysis of some factors of systems of tax regulation of economy operating in world practice has allowed allocating four types of tax systems:

- Based on necessity of satisfaction of nation-wide requirements at the expense of state budget means (in this case taxes are considered as the major source of a covering of nation-wide needs, for example, in Sweden);

- Requirements of concrete manufacturers of the goods based on maintenance and services (the tax policy is thus directed on economic activities stimulation, instead of on the expected income of the state budget, as the brightest representative of this system the Netherlands serves);

- Developing as the major tool of maintenance of the state interests and interests of manufacturers of the goods and services; an example - the USA and Great Britain (England, Ireland, the New Wales, Scotland);

- Systems of the unified tax account which are used by the governments for monitoring and control over economy (France, Germany, a number of developing countries).

Revealing of tools and directions of influence of tax systems of the leading countries of the world on economy gives the chance to assert that for optimum collection of taxes the system of privileges and encouragements concerning real industrial and commercial activity has great value. In this connection the sizes of tax rates, contrary to the established opinion, are of secondary importance that confirms the fact of preference of investment of sectors of the market highly assessed with taxes to "tax oases». Even for the companies which are not carrying out any

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activity in the country of the site but only operating the actives, branches serving or supervising activity in other countries, practically in all developed countries provide serious tax privileges (first of all a delay from the taxation of incomes). The companies with the international scale of the activity use the greatest spectrum of the tax privileges provided by the international trading agreements, considerably surpassing preferential modes of free tax zones. The policy of tax planning concerns tools of tax regulation being a component of internal planning of firm also; from this point of view all taxes paid by firm are considered as its own costs which, in search of optimum, are planned in several variants, with various level of tax obligations (thus most ample opportunities for tax planning, in the form of privileges, discounts, deductions and etc. exist at calculation of the tax from profit). As a result - payment by the enterprise of taxes on established by the law of the rate is an unusual occurrence and testifies to bad statement of tax planning.

Disclosing of the mechanism of tax schemes, with reference to business practice of the leading countries, an arsenal of concrete means and methods of their realization has allowed telling the following:

- Norms of amortization serve as the tool of the state economic policy: raised or accelerated - stimulate a gain of capital investments and the economic activities revival, limited - freeze the begun buildings and lead to outflow of capitals abroad (as in foreign practice as depreciation charges i.e. to reference on the cost price of made production so-called, "capital" expenses - on scientific researchers are subject to write-off also, on preparation for the beginning of industrial activity, "know-how" and etc.);

- In all developed countries the serious privileges allowing private business the big share of the profits to capitalize in the form of depreciation charges and funds operate;

- The tax authorities do not demand, that amortization charge in the internal industrial account of the company corresponded to operating limits which however it is necessary to adhere at calculation of the taxable income;

- Limits of depreciation charges are established or in the form of annual interest rates, or in the form of deadlines of amortization with write-off of cost of fixed capital by one of next ways) in regular intervals during all term of amortization;

- A method of the semi-annual convention: with the greatest share of write-off in the first or last year's equipment uses (the accelerated amortization is supposed only for actives and the means used in activity, connected with extraction have arrived the company).

Consideration of the basic directions of practice of the taxation of individual incomes of the population operating in the developed countries has allowed

revealing at them common features. So at high rates of the taxation and full "transparency" of incomes of the tax bearer the taxable base is treated as a net profit with application of wide system of discounts and privileges. They stimulates as demographic parameters of a society, regulating marriage viability of the population, and the small and average business rendering services to the population, through the mechanism of offset of their cost, reducing taxable base of surtax of the population. Discounts and privileges reducing taxes encourage expenditure for preservation of the health (in the biggest degree expenses on stomatology treatment), acquisition of real estate, subjects of long using. Expenses for transportation to a service place are besides compensated, the maintenance of children etc. Special stimulus operates at reception of incomes in agrarian and small-scale business (in France). The tax system in the considered countries at the taxation of physical persons pursues not only the fiscal purpose - fund raising in the state income, but has also a strongly pronounced regulating social orientation. It is obvious that practice of the taxation of individual incomes of the population of the named countries promote creation of a certain positive spirit of the population which considers not favorable not to pay taxes. The considerable role is played thus by official publications of the full reporting of the state about target use of taxes. In our opinion, this circumstance is a serious argument in social moods of a society in business of maintenance of profitability of the budget of the country that testifies to considerable possibilities of tax system in maintenance of normalization of a social climate in the country.

Application of trend methods of forecasting on the basis of experimental check with changing levels of receipt of tax payments of physical persons on a concrete example of Japan, has allowed to receive three variants of the forecast: the forecast on an average pure gain (56. 38 bln. yens in 2000); on mid-annual rate of a gain (63. 57 bln. yens) and on a dale of taxes in a total sum of incomes of the state budget (61. 38 bln. yens). Last variant taking into account the minimum sum of squares of deviations of theoretical results of forecasting from real receipts of taxes has shown the most authentic data in comparison with other methods of trend forecasting. However, as shows experiment, forecasts of budgetary incomes should be corrected taking into account the expert estimations, allowing considering not only constantly operating factors in the field of the taxation, but also casual unforeseen factors (political, ideological, social, etc.) As the example confirming justice of this position the Russian crisis of the August, 1998 which has overturned all expectations from tax revenues by the end of the year serves. With reference to Russia, it is possible to tell that now similar forecasts are inconvenient because of reconstructed system of the taxation and enough high inflation in the country. The

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monitoring system developed by us and the forecast of monthly tax revenues with reference to the Russian specificity has special practical value as monthly control of tax revenues does not practice now Russia. The technique offered by the author with diagnostics of factors modifying the planned tax revenues can be used by working out of measures directed on increase of efficiency of tax system in Russia which are in our opinion defined by following directions:

- Incomes of the taxation of physical persons should become the basic source of replenishment of the state budget;
- The taxation system should have progressive character, i.e. the norm of the tax should increase with income growth;
- The taxation system should have strongly pronounced social character;
- Maintenance of simplicity and availability of calculation of tax payments not only to tax departments, but also to tax bearers;
- Reduction of number of taxes and essential simplification of procedures of their collection;
- The general decrease in tax burden;
- Support of the manufacturers working on the consumer market;
- Granting of tax privileges for is export - the focused branches;
- Tax stimulation of capital investments and investment activity, including foreign investors;

- Introduction of the advanced systems of charge of amortization for the purpose of maintenance of self-financing of capital investments;

- Taxation strengthening for using resources and real estate, increase of a share of the property and ground taxation;

- Expansion of use of the mechanism of investment tax crediting for business development;

- Radical reduction of quantity of tax privileges with abolition of individual privileges;

- Full and definitive liquidation of the customs privileges not provided by the legislation, causing damage to interests of national manufacture;

- Creation of the conditions providing impossibility and profitableness of evasion from tax payments.

Certainly, on realization of such transformations in tax sphere of Russia a lot of time is required.

### Conclusions.

Experience of foreign countries is necessary for perfection, modernization of tax system of Republic of Uzbekistan. However it is possible to tell with confidence of the Republic of Uzbekistan possesses sufficient potential for reorganization of tax system for the purpose of its optimum adaptation to economic activities conditions, and introduction of modern methods of monitoring and forecasting of the tax revenues approved in world tax practice.

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