

# **THE ROLE OF PUBLIC CONTROL AND SOCIAL CONSCIOUSNESS IN INCREASING TAX COLLECTIVITY**

Solikhova Khumora Khasan kizi

Termez University of Economics and Service

Lecturer of the Department of Finance and Tourism

xumorasolixova@gmail.com

<https://orcid.org/0009-0003-8524-1427>

## **Abstract**

This article scientifically examines the role of public oversight and social awareness in improving tax collection. The experience of Uzbekistan is comparatively analyzed with the practices of Scandinavian countries, the Republic of Korea, and Singapore. The research results show that citizens' trust in the tax system and active public participation directly affect the increase in tax collection rates. The article develops scientific and practical proposals for adapting international experience and enhancing tax culture in Uzbekistan.

**Keywords:** Tax collection, public oversight, social awareness, tax culture, Scandinavian experience, Republic of Korea, Singapore, Uzbekistan, tax system, trust.

## **Introduction**

The tax system is one of the main institutions determining the financial stability of the state, and its effective functioning ensures the completeness of state budget revenues, the possibility of financing social programs, and economic stability. Therefore, the level of tax collection is directly related not only to the quality of functioning of fiscal mechanisms, but also to the level of civic culture in society, trust in the state, and public consciousness. In societies that understand the process of paying taxes not only as an obligation, but also as a social responsibility, tax revenues are high, and positive relations are formed between the state and society.

The experience of modern countries, in particular, in the example of Scandinavian countries, Germany, South Korea, and Singapore, shows that the high level of tax collection relies not only on tax rates and legislation, but also on socio-psychological factors. In such countries, citizens have high trust in the state and perceive taxes as a tool serving their own interests. At the same time, the strength of public control institutions ensures the transparency and accountability of the tax system. This, in turn, reduces tax evasion.

Despite the fact that positive results have been achieved in Uzbekistan in recent years in the reform of the tax system, digitalization, and simplification of tax administration, the level of tax collection is still not optimal. Informal employment, tax evasion, and a lack of public awareness negatively affect this process. In particular, the presence of negative stereotypes



about taxes in society and insufficient trust in the state lead to a weak approach to tax obligations.

This article deeply analyzes the role of public consciousness and public control in increasing tax collection. Based on world best practices, scientific and practical proposals will be developed to strengthen citizens' trust by forming a tax culture in the conditions of Uzbekistan, strengthening civic activity, as well as transparency of tax processes. Also, the article highlights the problems associated with social factors in the tax system based on statistical data and provides scientifically based conclusions on the increase in the level of tax collection in the context of increased public consciousness and civic control.

### **Research Methodology**

The research is based on the following methodological approaches:

Scientific articles on tax collection, public control, and public consciousness, reports of international organizations, and state documents were studied.

The experience of Uzbekistan and some foreign countries (Scandinavia, the Republic of Korea, Singapore) was comparatively analyzed.

Dynamic changes were studied based on the tax collection indicators of Uzbekistan for the period 2017-2023.

Trends were identified through statistical indicators related to the level of tax collection.

### **Literature review**

Factors influencing tax collection have been widely studied in many international and national studies:

Musgrave, R. A. and Musgrave, P. B. (1989) in *Public Finance in Theory and Practice* argued that tax culture and public trust in taxation are the basis of tax collection.[1]

Bird, R., Martinez-Vasquez, J. and Torgler, B. (2014) have identified a direct link between tax collection and public trust.[2]

The OECD (2022) report "Revenue Statistics: Eurasia Edition" notes that countries with a high level of tax collection have a positive attitude of citizens towards the tax system and a high level of participation [3].

Chowdhury, F. L. and Rasul, G. (2011) showed in their research that anti-corruption and transparency are important components of public oversight [4].

Andersen, S. C. (2018) in *Trust in Government and Tax Compliance* showed that social trust and civic responsibility had a positive impact on tax collection in Scandinavian countries [5].

Musaeva N. (2021) in her research emphasizes that tax culture is closely related to public consciousness and concludes that increasing citizens' legal knowledge and social responsibility regarding the tax system ensures the full collection of taxes[13].

Samatov M. (2022) emphasizes that it provides an opportunity to increase tax confidence by monitoring the activities of public control tools, in particular bloggers, non-governmental non-profit organizations, and the media, by putting pressure on tax authorities. Torgler (2005) substantiated the low level of preparedness to pay taxes in societies with weak public control in the Latin American experience[14].



Mahmudov K. (2023) scientifically substantiates that by increasing transparency in the tax system, citizens' trust in the state will be strengthened, which will stimulate timely tax payments [11]. The World Bank's 2020 report notes that maintaining an open database on the activities of tax authorities and revenues will serve to strengthen public control.

According to the International Tax Consulting Center (2021), the influence of mass media, social networks, and religious and moral values is also important in the formation of public consciousness. Mishra et al. (2011) analyzed the experience of India in which public participation and political will combine to reduce violations of customs and tax payments and increase collection[12].

According to the Statistics Agency, the level of collectivism in Uzbekistan is steadily increasing as a result of increased public participation and the development of public consciousness [6].

### **Analysis and Results**

Social consciousness is the totality of the worldview, values, knowledge, beliefs, moral principles, and political and economic views of the members of society. That is, it is the totality of people's attitudes towards events and processes in society and the opinions formed about them.

Social consciousness is an internal, invisible, but very important factor of tax collection.

To analyze the importance of public control and public consciousness in increasing tax collection, we first studied the experience of Uzbekistan and some developed countries. The dynamics of tax collection indicators in Uzbekistan for 2017-2023 and statistical data assessing the state of public consciousness among citizens were also analyzed.

Based on the Decree of the President of the Republic of Uzbekistan dated July 29, 2019 "On the Concept of Fundamental Improvement of Tax Policy," a number of reforms have been implemented. These include:

Implementation of the principles of openness and transparency of information in the activities of tax authorities.

Protection of the rights of taxpayers and informing them about changes in the tax system.

OAV va ijtimoiy tarmoqlar orqali soliq madaniyatini ommalashtirish.

### **1-Tax collection status for 2017-2023[15]**

Indicator

<b>2017</b>	<b>2020</b>	<b>2023</b>	<b>Growth (%)</b>	<b>Tax collection rate</b>
78%	85%	92.4%	+18.5%	Level of public trust in the tax system (based on a survey)
52%	68%	79%	+27%	Share of legal entities that fulfilled tax obligations on time
74%	82%	89%	+15%	Analysis showed that:

The level of tax collection is higher on average by 12-15% in regions with strong public control (Tashkent city, Samarkand, Fergana regions).

In regions where open reports on the activities of tax authorities were submitted, citizens' trust in taxes increased, and as a result, tax payment discipline improved.

In cases where decisions were made taking into account public opinion on tax policy, the level of dissatisfaction among citizens decreased, and tax payments were made on time.

Soliq siyosati yuzasidan jamoatchilik fikrini inobatga olgan holda qaror qabul qilingan hollarda, fuqarolar o'rtasida norozilik darajasi kamaygan va soliq to'lovlar o'z vaqtida amalga oshirilgan.

For example, as a result of the "Public Monitoring of Tax Issues" program implemented in Tashkent in 2021-2022, the indicator of timely tax payment increased by 7%.

The following played an important role in raising public awareness regarding the tax system: Financial literacy classes have been established in schools and universities.

The importance of taxes in social infrastructure was highlighted through the media and popular bloggers.

In some regions, benefits were provided to citizens who fulfilled their tax obligations on time.

As a result, according to the survey data:

In 2023, 79% of citizens recognized that paying taxes is necessary for the development of society (in 2017, this figure was 52%).

2022 yilda o'tkazilgan so'rovda fuqarolarning 65% davlatning soliqlardan foydalanish bo'yicha ochiqligidan qoniqish bildirgan (2018 yilda — 38%).

## **2-Tax collection and level of public consciousness**

Country

Tax collection rate	Social consciousness (public trust and tax culture)	Public oversight system	Uzbekistan
92.4% (2023)	Moderate, with an upward trend	New formation, increased activity	<1>Scandinavian countries
97-99%	Very high; paying taxes - accepted as a social duty	Independent audit and citizen monitoring	Republic of Korea
96-97%	Good; paying taxes is seen as serving society	Taxpayer associations and online monitoring	Singapore
98%	98%	High; taxes are seen as a basis for development and sustainability	Electronic control platforms and civic participation

*Source: table author's development*

Scandinavian countries have the highest tax collection rate in the world (tax revenues to GDP in 2022 in Sweden amounted to 44.1%, in Denmark - 46.5%, in Norway - 39.5%). These figures are explained not only by the strictness of tax policy, but also by the high level of social trust and civic consciousness of the population.

In these countries, paying taxes is considered a civic duty. Concealment of taxes or tax evasion has a strong negative social attitude in society. In Sweden, for example, income declarations of all citizens are open - any citizen can view them. This is a strong form of public control.

In the education system, the essence of taxes, public services, and budget processes are taught from the school stage. Because public services (healthcare, education, pensions) are free and high-quality, citizens see taxes as their own benefit. The level of tax collection is consistently high. Public consciousness and trust in the state are closely interconnected.

South Korea started with relatively low tax collection (20-22% of GDP in the early 2000s), but by 2022 this figure had reached **\*\*28.3%\*\***. The conscious approach of citizens and the digital tax infrastructure made a significant contribution to this growth.

In Korea, the state constantly reminds the population through tax information and companies: "when you pay taxes, you are building infrastructure, you are guaranteeing your pension." In 2021, the Korea National Tax Service developed the "Taxpayer Rights Charter," ensuring that every citizen is aware of their tax rights.

Electronic receipts are mandatory in all retail outlets, which reduces tax evasion. "Real-time tax monitoring" (real-time tax monitoring) has reduced illegal cash flow.

Tax culture is formed through high technologies and social awareness. A positive attitude towards taxes has increased.

Singapore is one of the countries with a low tax burden relative to GDP (2022 - 13.8%), however, this low tax burden is associated not with poor tax collection, but with economic efficiency and a well-regulated tax system.

In Singapore, there is a "social contract" between the state and citizens: citizens pay taxes fairly, and the state, in turn, provides high-quality services. The salaries of government employees are high, and there are strict anti-corruption measures. Therefore, public trust in the state is strong. IRAS (Inland Revenue Authority of Singapore) is one of the most effective tax authorities internationally.

IRAS has completely transitioned to electronic services. Tax declarations, payments, audits, and even legal applications are processed through the IRAS MyTax Portal platform. By: Direct and prompt communication of taxpayers with the state will be ensured.

The possibility of bureaucracy and corruption will be eliminated.

Each payment, discount, and benefit will be digitally documented automatically.

For many taxpayers, IRAS automatically prepares completed declarations - information received from the employer, bank, and financial institutions serves as the basis. This significantly reduces the likelihood of errors and illegal concealment.

IRAS fully adopted international tax data exchange and transparency standards, such as BEPS (Base Erosion and Profit Shifting) and CRS (Common Reporting Standard), developed by the OECD. At the same time, Singapore monitors tax information in real time in accordance with FATF (Financial Action Task Force) standards.

IRAS regularly conducts campaigns aimed at improving the tax culture of the population, such as:

"Taxpayer Education Programme";

"My Tax." Social videos under the motto "My Responsibility";

Interactive programs explaining taxes in schools,



Through these companies, citizens began to view taxes not only as an obligation but also as a social responsibility.

IRAS not only increased the efficiency of tax collection, but also fostered a high level of social consciousness, trust in the state, and a sense of civic responsibility among Singaporean citizens. This department can serve as a model for developing countries, including Uzbekistan, today. The tax collection rate in the USA is relatively stable (27.1% of GDP in 2022), however, there is a significant share of the informal economy (about 10%). According to the IRS (Internal Revenue Service), annual tax losses could reach \$450 billion.

Differences in social consciousness:

High-income and legal entities take tax obligations seriously.

Tax evasion is more common among low-income groups - this is due to unemployment, social injustice, and inequality in the healthcare system.

The IRS has a strong audit system, but political pressures, tax incentives, and wealthy people evading taxes through legal means are one of the system's weaknesses.

In Germany, tax revenues relative to GDP as of 2022 amounted to 38.1%, which is one of the highest rates in the European Union. In this case, the personal income tax (max. 45%) and VAT (19%).

Paying taxes is seen as serving society, not the state.

Macroeconomic stability and the high-quality functioning of social assistance systems strengthen citizens' sense of social responsibility.

The State is accountable to the citizen:

Every year, by submitting the Steuererklärung (tax declaration), every citizen receives accurate information about the state of taxes.

The state publishes information on "why these taxes were collected and how they are being used."

In Norway, every citizen regularly receives information about tax obligations and government spending, resulting in a tax collection rate of more than 98%.

In Singapore, citizens' tax loyalty has been increased through rewards given to taxpayers and transparency in the tax system.

In the Republic of Korea, the possibility of real-time monitoring of taxpayers through online platforms has been created.

In Scandinavia and Singapore, the tax system appears transparent and fair to citizens, therefore public consciousness is very high. In Korea, paying taxes is perceived as a contribution to economic development, and the population feels like an active participant in state-building. In Uzbekistan, public consciousness and public control have been actively developing over the past 5 years, but there are still incompletely formed segments.

This experience shows that increasing public confidence in the tax system and ensuring active public control is one of the main factors in the level of tax collection.



**Table 3 Methods of public control**

Country	Methods of public control	Results
<b>Uzbekistan</b>	Public hearings on the activities of tax authorities, open reports	Growth in tax collection by 18.5% (2017-2023)
<b>Scandinavia</b>	Independent tax ombudsman, regular reports on tax expenditures through the media	Tax confidence of the population is above 90%
<b>Republic of Korea</b>	Taxpayer associations, online platform for complaints and suggestions	High stability in tax collection, 70% of complaints are resolved quickly
<b>Singapore</b>	E-tax portals, open databases, international tax reporting	Minimum tax evasion cases, full electronic monitoring

In Scandinavia and Singapore, the public directly participates in the formation of tax policy. In Korea and Singapore, the possibility of complaints and monitoring through digital platforms is high.

Open reporting and public hearings are just gaining popularity in Uzbekistan, which encourages citizens to view taxes more positively.

### **Summary and suggestions**

Based on the above analysis, the following can be summarized:

With strong public control, a transparent and fair collection of taxes will be ensured.

The development of public consciousness changes the attitude of citizens towards taxes and increases the timeliness of fulfilling obligations.

The transparency of the tax system and the rational use of tax funds by the state directly affect the level of tax collection.

For Uzbekistan, it is advisable to use the following foreign experience:

Scandinavian experience: full transparency and constant public awareness of tax spending.

Korean experience: development of online complaints and suggestions platforms and expansion of public associations.

Singapore's experience: Increasing reward systems and motivation to serve society to incentivize tax payments.

Thus, the level of tax collection and public consciousness will be further strengthened in Uzbekistan.

### **References**

1. Musgrave, R. A., & Musgrave, P. B. (1989). *Public Finance in Theory and Practice*. McGraw-Hill.
2. Bird, R., Martinez-Vasquez, J., & Torgler, B. (2014). Tax Effort in Developing Countries and High-Income Countries: The Impact of Corruption, Voice and Accountability. *Economic Analysis and Policy*, 44 (2), 195-202.
3. OECD. (2022). *Revenue Statistics: Eurasia Edition*. OECD Publishing.

4. Chowdhury, F. L., & Rasul, G. (2011). Governance and Tax Compliance. *International Journal of Public Administration*.
5. Andersen, S. C. (2018). Trust in Government and Tax Compliance. *International Review of Administrative Sciences*.
6. State Tax Committee of Uzbekistan. (2023). Annual Performance Report.
7. World Bank. (2019). *Doing Business: Reforming to Create Jobs*. Washington, DC.
8. Torgler, B. (2007). *Tax Compliance and Tax Morality: A Theoretical and Empirical Analysis*. Edward Elgar Publishing.
9. Alm, J., & Torgler, B. (2011). Does Ethics Matter? Tax Compliance and Morality. *Journal of Business Ethics*.
10. Transparency International. (2022). *Corruption Perceptions Index 2022*.
11. Mahmudov, Q. (2023). The importance of transparency and public control in the tax system. *Journal of Economic Research*, 2 (1), 45-51.
12. Mishra, A., Subramanian, A., & Topalova, P. (2011). Policies, enforcement, and customs evasion: Evidence from India. *Journal of Public Economics*, 95 (7-8), 500-512. <https://doi.org/10.1016/j.jpubeco.2010.11.008>
13. Musaeva, N. (2021). The Formation of Tax Culture and Ways to Improve It. *Journal of Taxes and Customs*, (4), 19-25.
14. Samatov, M. 2022. The role of civil society in the full collection of taxes. *Journal of Economics and Business of Uzbekistan*, (3), 58-64.

