

Tax evasion and its influence on development of the economy of the Republic of Kazakhstan

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Abstract. Implementation of state functions assigned by government is based on the objectives and effectiveness of accumulation of funds in the state budget. The various constraints (the main factor is tax evasion) may influence on the rational implementation of this process. Timeliness and completeness of tax revenues is the key to the effective functioning of the state's economy. It should be note that the struggle with the manifestation of tax evasion is one of the most pressing topics of debate and controversy in the Republic of Kazakhstan. Proposed relevant ways and solutions will contribute to reduce the incidence of tax evasion may affect the increase tax payments to the state budget, which funds will be used to finance and economic development of the Republic of Kazakhstan.

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Introduction

Tax revenues play a key role in the activities of any state. As it is known, taxes arise with the establishment of a state and serve as a basis of its existence. A sufficient volume of tax revenues allows the state to increase the system of expenses, channeling funds to development of strategic industries, taking into account need and prospective for their development in order to modernize the production and to improve the competitiveness of the economy.

According to the Article No. 35 of the Constitution of Kazakhstan: "Payment of the legally established taxes, fees, and other obligatory payments is the duty and responsibility of every person [1, 98]. If we consider the sequence of article contents within the theoretical aspect, we may achieve the balance of revenues and expenditure of the state budget. But, taking into account the performance of level of taxpayer's culture in Kazakhstan, not every taxpayer can understand the essence and meaning of the Article 35.

Relevance of research

Analyzing the current state of the Republic of Kazakhstan one can notice that, despite the annual growth of tax revenues in the state budget, accumulation of debts to the budget of corresponding levels takes place which leads to formation of tax arrears. This fact confirms the urgency to study area.

Research methods

The method of observation and collection of facts, analysis and synthesis are used within the framework of research on the causes of tax evasion. This method assumes observation of the tax

processes in their real form, and the collection of facts occurring in reality, particularly performance of arrears and their impact on the economic development of the Republic of Kazakhstan.

The main part

A taxpayer is entitled to execute tax liability in advance; otherwise, which is in default of payment of tax liabilities within the deadline, a tax debt is formed in the taxpayer's personal account, which consists of a tax sum, penalties, and fines. That is how the arrears arise - taxpayer's debts to the budget which shall be subject to recovery in accordance with legislation [2, 184].

Under the conditions of market economy, identifying the premises and impact, we can formulate the following - arrears are formed at the expense of tax evasion, respectively, the latter is the reason for its formation and growth.

There are factors which characterize and indicate the degree of choice in taxpayers' actions, in particular, to evade taxes or not:

1) Subjective factor - on one hand, a taxpayer matches the consequences of such violations with the degree of possible punishment by the state in the process of tax evasion; on the other hand, he analyzes how fairly the state is taxing a particular social group. The degree of influence of these subjective factors can be minimized through competent tax policy within the framework of changes in the legislative framework [3];

2) Size of tax burden - tax evasion is directly connected with the economic status of a taxpayer. In the framework of tax offences a taxpayer seeks how to reduce or understate the size of tax burden in order to repay the tax debt with the least amount of

expenses. The condition and growth of economy as well as the size of tax burden directly affect the financial situation of a taxpayer in the society [4].

3) Level of subsistence minimum - not receiving high profit or income which covers the expenses in the process of activity, because of certain circumstances, a taxpayer may be occupied in concurrently alternative activities which are not in a greater focus of legal authorities. Tax evasion is also due to the real level of the subsistence minimum. Prerequisites which promote tax evasion are defined by the terms and position which they occupy in the social division of labor. For instance, if a taxpayer is engaged in a certain activity and is monopolist in a certain region, he may avoid or shift some of tax burden on producers or consumers of goods and services.

4) Market regulation - facts of tax evasion are exposed to monitoring impact of the market. Controlling and regulating the market as well as determining prices for certain goods and services which are in limited quantities, the state is endeavoring to apply strict measures. In this regard, conditions for the establishment of illegal markets are created in the framework of goods and services realization. Such a situation is favorable for increasing the facts of tax evasion within the framework of net profit.

5) Other economic conditions - each process in the economy can have different impacts on tax evasion. For example, in the production of goods and services with the formation of added value the tax burden is shifted to producers or consumers, respectively the size of tax burden is reduced, and the need for massive tax evasion disappears. In another case, in decrease of the estimated revenues a taxpayer deliberately evades taxes [5, 89-90].

Evaluating a number of factors which affect tax evasion, in our opinion, the size of tax burden is the most significant one. Today to begin running any organizational and legal form is not the greatest difficulty in Kazakhstan. However, starting a business and run its activities is the beginning of its involvement in the economic cycle, the main result of which is further development aimed at extending, reducing costs and ultimately profit. Not every subject of business is exposed to such a profitable outcome; therefore, the tax burden plays an important role for a taxpayer. There is an opinion that if we lower the rate of any particular tax to 1%, there is a taxpayer who says: "why not to 0,5%?". The size of tax burden must be installed in accordance with the realities of modern economic development, supporting and stimulating business environment conducive to the growth of GDP in the economy of the country.

There are two main forms of reducing tax payments in the global tax practice: tax optimization and tax evasion. Their main difference is the legality degree of reducing tax obligations. Thus, in the framework of tax optimization a taxpayer is legally implement the knowledge in the field of tax legislation on the reduction of tax payments, and on the tax evasion - by either hiding their tax obligations or submission of false information to the tax authorities intentionally contributes to the reduction of their tax obligations, thereby violating the tax legislation [6, 233].

Tax evasion within economic contents is a process of failure of tax obligations accomplishment by taxpayers.

In the Republic of Kazakhstan, as in all countries, tax evasion is defined as one of the most negative phenomena. At the state level the evasion, first and foremost, contributes to the reduction of expenditures due to the lack of funds in forming the state budget. In some cases, along with the reduction of expenses a state can compensate for the lack of funds by increasing the interest rates on tax payments, acting in accordance with the Tax Code. Such a situation may increase the cases of tax evasion. At the enterprise level defaulters are in a more advantageous position in contrast to honest taxpayers, the latter may be affected by the current provocations and also evade taxes.

So, tax evasion is realized in the following forms:

- concealment of income from tax authorities;
- changes in financial reporting;
- reduction of taxable object under the taxation, namely - representation of zero reporting, failure to submit tax declarations and documents necessary for calculation and payment of taxes;
- representation of various types of services in business without state registration;
- deliberate overstatement of tax credits or deductions;
- untimely payment of taxes;
- concealment of funds in case of arrears, or non-payment of current taxes;
- contract conclusion with pseudo-entrepreneurships [7, 368].

Since the tax system is characterized as a complex artificial socio-economic institute, tax evasion can be considered in three aspects:

- firstly, it is the understanding of tax evasion as a violation of functioning processes of taxation system, undesirable for society and the state. Thus, tax evasion is seen as a problem, first of all, for the state;

- secondly, it is the tax evasion considering as a result of tax system activities as in situations of its

establishment and development, and in case of its relatively stable functioning:

- thirdly, it is the understanding of tax relationships as the interaction between a taxpayer and the state, which is expressed in the demoralization of statutory rules [8, 9].

So taxpayers interpret the Tax Code norms in their own way, thereby they practice different ways of tax evasion.

According to the institutional economic theory it is necessary to analyze the causes of the studied process and try to avoid it in order to prevent negative phenomena in economy. The motive of taxpayers' tax evasion can be explained by several reasons. Initially, the questions of tax violations were studied by French scientist Paul M. Gaudemet who defined the moral, political, economic, and technical reasons for concealment of an income. Consequently, these reasons were supplemented with shades of legal and organizational measures [10].

At the basis of economic reasons for tax evasion there is a taxpayer's intention to save money; otherwise stated, it is a defense of their own capital, income, and property from any attacks. Such a motive depends on political, legal, administrative, and technical circumstances. Prerequisites for tax evasion have some influence on the condition of tax offences fulfillment. In business unscrupulous taxpayers, operating in the shadows, come into corruption relationships with the state authorities. The result is the low efficiency of state power system, fluctuations in the economy and policy, continuation of which is tax evasion. If the state, represented by certain authorities, fails to break the vicious circle formed into force of the above mentioned reasons, this may result in increasing tax evasion [11, 58].

Russian economist V. Radayev defended the following reasons for tax evasion:

- formal: imperfection of legislative basis (its complexity and contradictoriness);
- normative: indication of possible tax evasion by other participants within tax relationships (imperfection and loopholes in tax rules);
- ethical: formal rules do not follow the principle of justice (high tax burden);
- utilitarian: expediency of economic survival (motives of their activities);
- compulsory: pressure and extortion by the state and, in particular, by the security structures (ways of searching the various) [12, 67].

In order to detail the essence of tax evasion it is necessary to analyze scientific approaches to study this problem. According to modern representatives of economic thought, dealing with the issues of taxation,

the effective functioning of tax system assumes the accomplishment of taxation functions and principles.

If we comment discussions among economists, it can be noted that tax evasion facilitates the fluctuations of financial system balance and affects the efficiency of implementation of state economic policy. In this regard, tax evasion is a problem that can be solved solely by means of stimulating control measures [13, 320].

In economic literature the causes, as a rule, are low economic growth and overall social and economic instability in the country which gives an opportunity for creating shadow economy and developing various schemes of illegitimate economic relationships.

Tax evasion in law is characterized as a fiscal crime, the basis of which is the violation of tax legislation.

Tax law provides a definition of tax offences as illegal faulty actions or omissions, leading to non-performance or improper execution of duties and to violation of participants' rights and lawful interests of tax relations, which establishes legal liability. From the lawyers' point of view tax evasion happens due to the lack of development and imperfection of legislation, presented in the fact that the procedures of adjustment and upgrade of economic fundamentals and practice of economic processes are a step ahead for its legislative support [14, 336].

The consequence of this is the unreasoning laws, imperfection of legal system, carelessness of legislative procedures, containing a double meaning, "gaps", and numerous reference norms. They generate different types of economic offences, including tax evasion.

In recent years economic and psychological researches, dedicated to the problem of tax evasion, have begun to appear. The relevance of psychological study of tax relationships is connected with understanding the need to overcome "lack of subjectivity" of economic and legal approaches in the scientific community.

Mental and moral characteristics of an "economic man" are disclosed in the psychological interpretation of tax evasion. According to psychologists, if the tax mentality of a taxpayer is hostile to taxation, the coercion by the state is inefficient, as it creates a greater reluctance which is meant to be overcome [15].

Thus, tax evasion is seen as a social problem requiring financial, administrative, legal, or psychological interventions in economic, legal, and psychological approaches. The incidence of tax evasion allows to speak about the social danger: it has a negative impact on the economy, undermining the effectiveness of government decisions and trust of

population to the state as well as destroying the principle of justice and constitutional rights and interests of citizens.

An important factor of tax evasion is a specific attitude of society and state, expressed in the imbalance of expectations and actions. For example, the state expects to have payments of all taxes by law-abiding taxpayers, which are never fully received. Taxpayers, in turn, expect flexible tax policy and judicious allocation of budget funds to satisfy their needs from the state respectively - that is fully not feasible as well [16].

It is necessary to focus on the fact that mass non-payments in the budget negatively influence the life of society as a social system. We can distinguish at least three types of effects:

- firstly, it is an obstacle to economic growth and improving welfare of people, because funds from illegal tax operations are not financed as investments in the national economy, but used to purchase real estate and other luxury items;

- secondly, tax evasion leads to the loss of individuals' trust in the ability of authorities to establish and follow fair rules of market game;

- third, non-payments in the budget cause social consequences: aggravation of inequality, growth of social tension, etc.

Fundamental negative consequences of tax evasion are the following:

- a) lack of tax payments in the state fund may subsequently lead to a shortage of state budget;

- b) debts under tax obligations of some companies automatically create inequality between taxpayers respectively and distort the reality of economy;

- c) as a result of observance of tax legislation norms a law-abiding taxpayer may be exposed to a violation of the principle of justice. The state can result in moral and economic damage. The greatest damage is the economic damage. However, as a result of moral damage in the framework of economic crime, it is considered that the offence decomposes the existing foundations of society, undermines citizens' trust in state authorities, and reduces opportunities for profit and fair competition [17, 384].

It is generally accepted that the main task of tax service bodies is to ensure the full and timely collection of taxes and other obligatory payments to the budget as well as the completeness and timeliness of calculation, deduction and transfer of obligatory pension fees into accumulative pension funds, calculation and payment of social contributions to the State Social Insurance Fund under tax legislation

In case of untimely payment of taxes and other compulsory payments to the tax authorities

enforcement measures are applied. At all times tax evasion was associated with the most common types of tax offences and was prosecuted by law.

Repeated performance of such an act is punishable by a fine in an amount from five hundred up to three hundred monthly assessment indices, or correctional labor up to two years, or imprisonment up to three years with a fine of up to three hundred monthly assessment indices, or without it [18, 204]

Having studied the experience of levies by foreign tax authorities, it is established that the generally accepted measures on recovery of tax debts, applied in most countries of the world, are actively used in our country as well. In most countries, consulting services and introduction of information technologies have been widely developed in the system of taxation to reduce the tax burden.

To reveal the concept of tax arrears, we consider it is necessary to explore further and compare the economic contents and interpretation of term "arrears" in accordance with the comprehensive and economic dictionaries.

So, in Ushakov Dictionary, the following definition is provided: "Arrears are not paid within the term portion of a tax or other governmental, public, etc. fees" [19, 912].

In the Contemporary Economic Dictionary arrears are treated as "part of the required payment, tax, which is not paid by a taxpayer within the deadline" [20, 479].

Encyclopedic Dictionary of Economics and Law contains the following concept of the term "arrears" - it is the amount of tax or other obligatory payment which is not paid by a taxpayer in the statutory period. They are collected forcibly with penalties for each day of delay [21, 568]

Tax Comprehensive Dictionary defines arrears as non-payment or incomplete tax payment by natural or legal persons within established by tax legislation time.

Scientists-economists paid a lot of attention to the problem of tax arrears. So, researcher A.S. Titov characterizes arrears from the perspective of wrongfulness: "Arrears represent the amount of debts on a particular type of tax or charge which is not received by the budget of the corresponding level or state off-budget fund. Arrears are the result of illegal actions of a taxpayer".

In our opinion, a more complete interpretation can be found in the Article No. 12 of the Tax Code of the Republic of Kazakhstan, where arrears are understood as calculated, accrued, and not paid in time taxes and other obligatory payments to the budget, including advance and (or) payments on them, except for the amounts recorded as notification

on audit results in the period for appeal in the established legislative order in the appealed part [22, 696].

Despite the improvement of tax mechanism and reformation of tax system in general, the problem of tax evasion and existence of tax arrears are not fully resolved. This problem becomes especially relevant in the context of the Unified Economic Space; therefore, the reduction of arrears is the priority today. In this regard, we present and analyze the main problems of the tax system, facilitating the arrears growth in the budget [23].

According to analytical reporting of the Ministry of Finance of Kazakhstan, indicators of arrears for the last period are as follows:

- as of January 1, 2011, arrears to the budget on taxes and payments were amounted up to 199 billion KZT. Compared with January 1, 2010, arrears increased by 98.7 billion KZT, including false-entrepreneurship to 89.5 billion KZT, that, actually, determined the growth of arrears;

- as of January 1, 2012, all arrears of taxes and payments into the budget were amounted up to 224 billion 180.3 million KZT, its growth in 2011 was amounted to 25 billion 197.8 million or 12.7% [24];

- according to the Ministry of Finance of RK, during 2012 arrears were decreased by 142.9 billion KZT as a result of work to reduce arrears and prevent its growth, and, as of January 1, 2013, the amount was 81.3 billion KZT. 40.5 % of these arrears are arrears, hopeless to collect, materials of which were sent to law enforcement agencies in connection with the presence of signs of pseudo-entrepreneurship [25];

- arrears as of July 1, 2013 were amounted up to 93 billion, compared with the beginning of the year; there was a growth of arrears of 11.7 billion or 14.4%, which is associated with current accruals of taxes as well as charges for tax checks and false-business undertakings, despite the fact that these indicators cover only 6 months of the year 2013 [26].

In the framework of analytical reporting we can notice the annual dynamics of arrears growth; in this regard, tax authorities actively work to reduce it. Let us examine the essence of main problematic aspect of arrears, which is pseudo-entrepreneurship.

Pseudo-entrepreneurship is one of widespread schemes, used by unscrupulous taxpayers for tax evasion. To reveal such company is impossible, because they are registered in the state bodies in accordance with the legislation. As a rule, they are exposed to be false only after a few years. Pseudo-enterprises are created for fraudulent obtaining of loans, including the target ones, in order to provide services in tax evasion to commercial structures by supplying them with fictitious invoices and other

accounting documents. Therefore, pseudo-entrepreneurship is a criminal offence, which entails responsibility in accordance with the Article 192 of the Criminal Code of Kazakhstan.

Let us consider the planned activities of tax authorities in reducing the arrears and tax evasion:

1. One of the effective measures in preventing the activities of pseudo-enterprises is the introduction of electronic invoices. The starting point of launching a pilot project is 2014. The introduction of electronic invoices will help promptly to identify transactions with Pseudo-entrepreneurs-contractors at an early stage: a system of risk management will give an opportunity to identify immediately those companies that transfer any means without any counter-flows.

The introduction of electronic invoices has advantages:

- reduced costs of postal services and simplified archival system of paper-based documentation (cost reduction in the respective areas);

- timely search of the required document, as all invoices are orderly stored in the electronic archive;

- increases the speed and quality of delivery (however, it will take time for issuing invoices for counterparties, located in different cities);

- prevented losses and guaranteed delivery of documents;

- provides the confidentiality of documents;

- cancellation of submission of registries for invoices to tax authorities by a taxpayer;

- simplification of the procedures for refunding VAT to exporters.

According to calculations of the Tax Committee of the Ministry of Finance of the Republic of Kazakhstan, minimum savings for business annually amount to 5 billion KZT from the use of electronic invoices in the future. The introduction of electronic invoices will not only reduce the activity of pseudo-entrepreneurship, but contribute to the reduction of administrative burden on business, as the activities of enterprises become more transparent [27];

2. Along with the improvement of tax system and tax administration information technologies are actively introduced. So, in order to reduce tax debt Kazakhstan is working towards improving the website for searching taxpayers. Being a public website, it allow all the public authorities such as second-tier banks and business entities, without any exception, have the access to information about unscrupulous taxpayers;

3. As one of the main activities in the field of improving tax administration as well as the comprehensiveness of tax collection, the state ensures gradual transition to general declaring of incomes for physical persons [28].

The purpose of transition to general declaration is to create a system of effective control of individuals' incomes and property to fight shadow economy and corruption, and strengthening the role of state in ensuring the collection of taxes and other obligatory payments to the budget.

The introduction of general declaration will contribute to:

- struggle with the underground economy;
- decrease of the level of corruption in state bodies;
- broadening of tax base and increase of budget revenues from individual income tax;
- effectiveness of criminal investigation;
- improvement of tax culture of citizens of the Republic of Kazakhstan;

4. To address the problem of tax deficit in the budget a lot of attention is drawn both from the position of authorized bodies and social organizations.

In the beginning of 2013 as an alternative source of raising funds for the state to fulfill its social obligations a luxury tax was proposed to be implemented in Kazakhstan since January 1, 2014. After long disputes about the necessity to introduce a luxury tax, its feasibility and impact of positive aspects, the Head of the state Nursultan Nazarbayev signed the law "On amendments and additions to some legislative acts of Kazakhstan on taxation" to the end of 2013.

The essence of innovation consists in the following:

- introduced provisions are about raising taxes on passenger cars with engine capacity of more than 3 thousand cubic cm, produced in Kazakhstan or imported to the territory of the Republic of Kazakhstan after December 31, 2013. Rates for cars with volume of more than 3 to 3.2 HP will amount to 35 monthly calculated indices (MCI), from 3.2 to 3.5 HP - 46 MCI, from 3.5 to 4 HP - 66 MCI. Also the law suggest changes in the rates on cars with engines over 4 HP, 4 to 5 HP to 130 MCI, more than 5 HP - to 200 MCI. These amendments are applied to vehicles which would be purchased since January 1, 2014.

In the framework of abolition of privileges - tax benefits on cars with engines over 4 HP for veterans of the Great Patriotic War and other similar entities were cancelled in order to avoid unjustified use of these benefits by persons, residing in relationships with a veteran, through the re-registration of vehicle ownership.

- to discourage the population to consume socially harmful goods there is an increase of excise rates for alcohol and tobacco products, namely, gradual increase in the rates of excises on strong

alcohol products from 2014 to 2016, with 500 KZT per liter of anhydrous alcohol up to 1600 KZT per liter respectively. The excise rate on tobacco products will be increased from 1 550 thousand to 5 thousand KZT per 1 thousand pieces, or annually by 30% from 2014 to 2016. This measure will help to limit the purchase and consumption of excisable goods by persons, residing in a certain dependence on them.

- basic rates at evaluating the real estate for taxation reasons are increased twice: from 30 thousand up to 60 thousand KZT for 1 sq. m. in Astana and Almaty and from 18 to 36 thousand KZT per 1 sq. m in the regional centers. The amendments consider the increase of rates for property tax, doubled up to 2% of accommodation value worth 150 million KZT and above. Previously, the rate was from 0.05% for housing with an estimated cost of up to 1 million KZT and up to 1% for houses, valued more than 120 million KZT. This measure will also enable to tax owners of elite housing fairly. When a taxpayer can afford to purchase the elite housing, accordingly he must pay the tax in proportion to its appraised value;

- in order to increase the efficient use of land, intended for housing and other construction, which is not used for the intended purpose, rate of tax land will be increased in 10 times. This will allow to coordinate the owners' actions in the part of required target use of available lands in unlimited quantities;

- exemption from value added tax to gratuitous transfer by a subject of natural monopolies in the property of the Republic of Kazakhstan under a concession contract, concluded before 2006; clarification of taxable turnover during the implementation of used cars in the "trade in" system; the exceptional rate for mineral extraction tax on mineral secondary product of iron ore "pellets"; extension of privilege norm under special tax regime for agricultural producers to separate economic entities till January 1, 2016. These measures will create encouraging motives for taxpayers in certain areas.

Thus, the introduction of a luxury tax is quite relevant and necessary way of replenishment of the budget in many countries throughout the world. In Kazakhstan the introduction of a luxury tax was an urgent necessity; within the framework of phased promising innovations the government is going to observe the principle of justice in taxation. Undoubtedly, it will lead to increase of tax proceeds to the state budget and reduction of tax evasion.

Besides, in the Strategy "Kazakhstan-2050": a new political course of the established state" the President Nursultan Nazarbayev highlighted that the necessary reduction of tax supervision should cut contacts between taxpayers and tax authorities; in this

regard, all taxpayers should gradually move to electronic online reporting in the next five years.

Let us consider the main directions of tax policy, stated in the Message of the President:

- since 2020 a tax credit system should be implemented, the main task of which will become the stimulation of investment by entrepreneurs;

- new tax policy must be socially oriented. This requires, as of 2015, to develop a set of stimulating measures, including practice of tax exemptions for companies and individuals who invest in education and medical insurance for themselves, their family, and employees.

The state should stimulate market participants to compete, but not to find ways of avoiding taxes.

The mentioned above directions are reduced to the fact that future tax policy should facilitate internal growth and domestic exports and stimulate individual savings and investments [29].

Furthermore, we analyze the proposed activities, which, in our opinion, will lead to the increase of profitable part of the state budget by reducing tax evasion.

Today tax authorities are at an increased risk of corruption according to the data, given by the Economic Anticorruption Agency of the Republic of Kazakhstan: in 2012 there were more than 90 corruption crimes in the tax authorities of Kazakhstan. Such a phenomenon as corruption slows down the development process of tax authorities, has the most negative impact on the image of tax authorities, undermines taxpayers' confidence, threatens to the development of state market economy, and inflicts damage on economic and national security. According to experts of different countries the most common corruption relationships are more often to arise during tax audits. With regard we offer:

- in order to decrease the level of corruption in the state tax service it is necessary to achieve the simplification of administrative and fiscal procedures in legal acts on the issues of taxation;

- to automate the relationships between tax authorities and taxpayers to the maximum;

- to increase the level of responsibility of tax authorities for the data correctness and explanation of tax issues.

According to the World Bank Ranking "Doing Business - 2013" Kazakhstan took place 17 on the indicator "Taxation" in 2012 (2011 - place 16). Accordingly, in order to improve its positions in the World Bank Ranking Kazakhstan needs to improve further the quality of services provided by tax authorities [30, 31, 8].

Since Kazakhstan had entered the Customs Union on July 6, 2010, many discussions and

disputes occurred, many points of view developed. Undoubtedly, the efficiency is positive for the economy of each member-country.

In the framework of taxation in Kazakhstan simplification of administration is arranged, which has reduced the number of adjustments and terms on customs procedures. Unique advantage for Kazakhstan would be, then, that payments to the state budget from the customs fees will be increased more than twice [32].

Having based on the monitoring findings and evaluation of tax service in the Republic of Kazakhstan, conducted by Kazakhstan Taxpayer Association, satisfaction of population in the provision of tax services increased by 10%, i.e. the vast majority of respondents (94%) reported that they are satisfied with the receipt of tax service, according to the results of 2012 [32].

Taxpayers' satisfaction in interaction with tax authorities depends on the tax officials, on their professionalism, and their competence. In this regard, in order to continuously improve the knowledge and culture of tax services, there should be a different kind of training. Along with teaching activities there are other important aspects which are systematically to be performed:

- interviewing and analysis of knowledge of tax services in order to assess their competence and compliance with the occupied position;

- continuous training of tax authorities employees within the practical application of tax legislation in the field of accounting, civil and customs legislation;

- information work to improve the clarity of procedures of tax services, namely, providing information over the phone, in the information office, on billboards, etc.

In order to improve tax relationships, it is expedient to develop ways of managerial impact on taxpayers. One of the tools of social adjustment for tax relationships and solution of existing problems of tax evasion is the development of tax culture and taxpayers' socialization processes within the society.

Tax culture is necessary and, most importantly, formed as a social phenomenon. Tax culture is directly connected with the "culture of mutual assistance", patriotism, "fashion" on the social orientation, and business "purity".

Tax culture comes from awareness and understanding of the significance of tax payment for the state and society by taxpayers as citizens of the state. This significance is caused by the specificity of their relations among themselves and with the state as a social entity.

Tax culture implies that people "in time and in a full amount are obliged to pay taxes, to know the

basics of tax legislation, and to consider unacceptable to develop schemes for evading taxes". It also depends on the general level of civil culture; therefore, the most important precondition of its formation is the state's performance of its social functions.

We can distinguish the following methods of formation of tax culture:

- persuade taxpayers to pay taxes (through mass media, social advertising, and also in the process of interpersonal interaction with a tax inspector);

- - to clarify taxpayers' rights and obligations (through available, concrete and workable comments to tax legislation);

- to improve the tax system, desire to "clarity" and "transparency";

- to design and develop various channels of social interaction and communication between taxpayers and representatives of legislative and executive power;

- to organize and support the state and public organizations, not only to protect the rights of taxpayers, but also aimed at cooperation with state authorities with the purpose of improving tax relationships.

It is necessary to devote more time for protecting taxpayers' rights and interests, organize round-tables and conferences, publish and distribute literature on taxation and tax law, actively consult taxpayers in order to develop tax culture.

So, it can be noted that the tax culture appears as an important tool of socio-management activities for regulating tax relationships and interactions within a society.

A significant component of the tax culture, allowing transmitting it from generation to generation, is tax socialization. Tax socialization of taxpayers involves the formation of responsibility for their actions, and formation of awareness for mutual aid as life conditions in the state. Tax socialization can be defined as a continuous process of mastering certain skills, values and norms, patterns of behavior, related to tax relations, as well as skills to learn from experience in tax interactions, accumulated in the society, allowing an individual to become a full agent of tax relationships, to navigate complex processes of their development, and to make a conscious choice to pay taxes.

The result of tax socialization is the adoption and performance of taxpayer's role and its related norms, values, attitudes, and behavior.

The resolution for tax evasion as well as improvement of tax relationships is possible with cooperation of legislative and financial regulation with the formation of tax culture and development of socialization institutions for a taxpayer.

Conclusion

Basic directions of reducing tax evasion can be offered:

- to improve the literacy level of tax culture and tax socialization of payers;

- to create equal competitive conditions for all taxpayers;

- to improve the quality of personnel staff in tax authorities;

- to work with taxpayers, building awareness and understanding of necessity of tax payments;

- to improve institutional environment in the tax system, i.e. when concealment of objects for taxation will be unprofitable for a taxpayer;

- to decrease the level of corruption in the state tax service, it is necessary to achieve the simplification of administrative and fiscal procedures in legal acts on the taxation issues;

- to automate the relationships between tax authorities and taxpayers;

- to increase the level of responsibility of tax authorities for data correctness and explanations of tax issues;

- to implement "zero tolerance" for tax evasion.

Thus, summing up, it should be noted that the fight against tax evasion and growth of arrears is a tactical task in the implementation of strategic goal in order to improve fiscal policy aimed at developing the economy of the Republic of Kazakhstan.

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