

## **Modernization of Fiscal Policy in the Context of New Economic Realities**

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**Abstract:** *The article examines the issues of fiscal policy modernization in the context of new economic realities. Particular attention is paid to the process of improving tax administration, the need to reduce the number of taxpayers is noted, and specific proposals are made to improve fiscal policy.*

**Keywords:** *modernization, budget, tax, budget policy, tax policy, administration, tax risks, virtual warehouse.*

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## **Introduction**

One of the main problems studied by modern science is the choice of the optimal policy for the modernization of the economy. The economic modernization policy has its own ambitious goal, i.e. the goal is to become one of the 30 developed countries of the world, which requires not only the accumulation of all resources, but also the reformatting of the entire system of state management processes. Financial modernization is one of the key tools in public financial management.

One of the most important steps along this path is the modernization of fiscal policy in the context of new economic realities. This means increasing the efficiency of budget expenditures and, at the same time, improving the public finance management system. The latter should become not only effective, but also transparent.

## **Literature review**

The steady economic growth observed in modern and rapidly changing economic conditions is accompanied by a decrease and gradual transfer of the tax burden from producers to consumers, an increase in the share of indirect taxes due to a reduction in the share of direct taxes; unification of taxes that have a similar tax base, simplification of the tax mechanism; optimization of the rates of resource taxes, which provide incentives for resource-saving industries; expansion of the tax base due to the collection of taxes [1].

In fact, the change in the taxpayer potential is inextricably linked with changes in the taxation system. In the current situation, the only way to increase the tax burden on the budget is to make continuous reforms in the country's tax system to increase taxpayer potential [2].

The main task of budgetary policy should not be to reduce domestic budget expenditures, which is envisaged by long-term government policy, but to increase them to the parameters corresponding to the needs of the modern economy and the high level of social expenditures achieved by developed countries [3].

## **The main part**

Organization of effective work in order to improve the public finance management system is a prerequisite for the processes of ensuring the stability of economic development with the help of a transparently established tax system. It is the well-being of citizens and, in general, the economic security of the state that is largely determined by tax administration. The latter is a kind of engineering of state taxation, designed to provide financial flows to the state budget for the state to fulfill its obligations to society.

The simpler and more understandable tax administration is for market participants, the more efficient is the tax collection. Therefore, tax administration should serve as the basis for increasing tax collection.

In Kazakhstan, the process of improving tax administration has never been interrupted. Currently, a project is being implemented (as part of a set of measures to implement the direction of the Address "Financial sustainability") "Increasing tax collection." The goal of the project is to increase tax collection to 25% of GDP by 2025. Now this figure is 17%. According to our data, by 2025, taking into account the indicators of the current year, additional receipts will amount to at least 5.5 trillion tenge. At the same time, the level of the tax burden on taxpayers will not change.

The Ministry of Finance initiated a new form of interaction between the state and business through the introduction of horizontal monitoring of large taxpayers and a risk management system. In accordance with it, taxpayers will report on development plans, and the state will build appropriate macroeconomic and fiscal policies to support large enterprises.

It should be noted that the Ministry of Finance of the Republic of Kazakhstan has begun modernization based on digitalization since 2018. The reengineering of tax administration and the strategy of non-interference of the state in business, where the focus has shifted from inspections and investigations to improving the risk management system and remote monitoring, will bring additional revenues to the budget in the amount of 5.5 trillion. tenge, or 9.2% of GDP.

In addition, the number of checks and investigations will be reduced.

As part of the Fourth Industrial Revolution, the world is gradually being "digitized". More and more services are being transferred to electronic format. Including public services provided by the Ministry of Finance.

The largest digital project in the CIS "ASTANA-1" was launched. (It turned out well with the name. The fact is that in this case ASTANA is an abbreviation: an automatic system of customs and tax administration). This project minimizes direct contact between customs authorities and entrepreneurs. Thus, business processes are simplified, the level of corruption in this area is reduced.

Thus, the introduction of electronic declaration in Kazakhstan is carried out in stages.

The first stage - from October 1, 2017 through the IS "Astana-1".

Second stage - since January 1, 2018, the "Customs Declaration" subsystem has been put into operation under the "EXPORT" customs procedure.

The third stage - from April 1, 2018 (and up to the present), the "Customs Declaration" subsystem has been put into operation for all customs procedures.

Naturally, the electronic declaration cannot work in full without the "Single Window" for permits.

In this regard, together with UNCTAD, the Ministry of Finance of the Republic of Kazakhstan has successfully implemented the "Single Window" project on export-import operations, which is more significant for the country.

Work within the framework of the "Single Window" includes, first of all, the study of international experience.

It has been established that different countries apply their own Single Window model, while Single Windows operate in different industries - in shipping, construction, education, etc.

On the basis of the studied experience of market developed countries, Kazakhstan has created the most optimal model of a "Single Window", which covers the processes of obtaining permits, integration with the systems of government agencies, as well as registry activities in the customs area.

At the same time, the Republic of Kazakhstan strove to make the developed model as user-friendly as possible (one-click principle, visually perceived interface, history recording, etc.).

Currently, the Republic of Kazakhstan is carrying out a phased automation of permits with

further integration with the information systems of state bodies.

Another new digital service is the introduction of electronic invoices for the operation of a virtual warehouse. The virtual warehouse automatically calculates the balances of goods actually available in warehouses, which allows you to exclude the commission of bulk transactions and control the movement of goods from the moment of production or import to sale to the end consumer.

Due to this, the fiscal authorities of the Republic of Kazakhstan monitor the entire chain of movement of goods and all participants in the process. This is extremely important, given the existence of cases of financial fraud, especially when returning the ID.

In Kazakhstan, the administration of value added tax is gradually transferred to blockchain technology, which makes it possible to instantly track the chains of financial transactions of taxpayers, make VAT refunds and form a decentralized database. The purpose of using blockchain is to prevent the use of gray schemes, to ensure ease of administration of indirect taxes, ease of accounting and reporting for taxpayers.

The Ministry of Finance of the Republic of Kazakhstan is also working to stimulate the transition to cashless payments when paying for goods and services through the obligatory availability of cash registers for entrepreneurs with the function of recording and / or transferring data.

At the same time, the Ministry creates Big Data for tax administration reengineering. It involves the joining of information from businesses, financial institutions, government agencies, followed by data analysis and reconciliation with the information declared in the tax return.

The country has the fourth level budgets - local self-government. Now residents of villages, townships and rural districts (with a population of over 2000 people) can independently dispose of the funds that come in the form of taxes.

The Ministry opened 1,062 cash control accounts and for the first time fully loaded financing plans for the fourth level of budgets in the amount of 114 billion tenge.

According to the Budget Code, six types of taxes are accumulated in the budgets of villages and rural districts: individual income tax, not taxed at the source of payment (individual entrepreneur, patent), property tax, land and transport taxes of individuals and legal entities, advertising fees. As well as non-tax revenues: income from the lease of state property, voluntary fees of individuals and legal entities, fines for administrative violations, income from the sale of communal property. As well as transfers from district and regional budgets.

Local akimats independently distribute the funds received to address topical issues of local importance.

The introduction of the fourth budget level is not only a step towards the openness of budgetary processes and the development of a self-government system in Kazakhstan, but also an incentive for the development of regions. Since now akims and residents of settlements are interested in increasing revenues to their budgets and, accordingly, in increasing the tax base. It is expected to stimulate the development of small and medium-sized businesses in the localities, as a key "donor" of budget revenues.

This helps to provide executive bodies with the opportunity to purchase the necessary goods and services directly from local entrepreneurs.

Some villages and rural districts do not have enough money for self-sufficiency in the budget received in the form of taxes.

### **Conclusion**

At the same time, work is being carried out to control budget expenditures. Remote office control, which made it possible to cover 2 times more objects, reduced the number of procedural violations by 3 times, which indicates an increase in budget discipline.

Prevention of violations is an integral part of the modernization of the public finance system and increased attention to the targeted use of budget funds. The basis for this was laid by the Law "On State Audit and Financial Control" adopted in the implementation of the 93rd step of the Plan of the Nation.

The new system has increased the emphasis on audit proactiveness. Therefore, the elimination of violations is systematically increased. This contributed to the reduction in the number of persons brought to disciplinary responsibility.

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