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Review of Foreign Experience in the Performance Audit of Tax and Customs Administration

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Abstract

President of Kazakhstan Kassym-Jomart Tokayev's State of the Nation Address, September 1, 2020 "Kazakhstan in a new reality: time for action" he stressed the need and importance of a fair redistribution of national income, thereby developing a tax policy that is understandable to all citizens of the country. Digitization of the tax and customs sectors will significantly help fight against the "shadow economy" in all its manifestations. The new budget planning system should ensure national priorities and become a subordinate part of the national planning system. Conducting an audit of the effectiveness of tax and customs administration is one of the main areas of external state audit, thereby determining the relevance of the research topic. Given that the purpose of the public audit is to improve the efficiency of management and use of budgetary funds, assets of the state, and entities of the quasi-public sector, it became necessary to create a methodological framework for public audit that complies with the guidelines of the Lima Declaration and international audit standards. Additionally, as well as improve the legislative and methodological framework of the current system of public audits. The article deals with the issue of performance audit of tax and customs administration, as well as foreign experience in performance audit of tax and customs administration. To achieve these goals, the topic of the concept of tax and customs administration is disclosed. Another resolved issue is foreign experience in tax and customs administration performance audits.

Keywords: Tax, Customs Administration, Customs Bodies, Administrative Expenses, Tax Authorities, Taxpayers

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1. INTRODUCTION

President of Kazakhstan Kassym-Jomart Tokayev's State of the Nation Address, September 1, 2020 "Kazakhstan in a new reality: time for action" he stressed the need and importance of a fair redistribution of national income, thereby developing a tax policy that is understandable to all citizens of the country. At the same time, tax administration is complex and coercive in nature. The message also emphasizes the need to diversify tax rates as an additional lever for diversifying the economy and supplementing the budget. International taxation standards require special attention in order to maximize the flow of foreign investments to Kazakhstan and profitable reinvestment. In addition, according to experts, GDP almost a third of them are in shadow countries - great potential for increasing budget revenues. Digitization of the tax and customs sectors will significantly help in the fight against the "shadow economy" in all its manifestations. The new budget planning system should ensure national priorities and become a subordinate part of the national planning system.

According to the results of the accounting committee, as of January 1, 2022, 1,741,813 legal entities and private entrepreneurs were registered in Kazakhstan. There is an increase of 4.8% compared to last year (in 2020 - 1,661,469 legal entities and private entrepreneurs). 104,633 business entities are VAT payers, which is 4.6% more than last year (100,044 in 2020). 343 business entities are included in the list of taxpayers subject to the monitoring of large taxpayers approved by order No. 1241 of the Minister of Finance of the Republic of Kazakhstan dated December 28, 2020. The ratio to GDP in the last five years is as follows.

Tax revenues to the National Fund for 2021 amounted to 2,605.1 billion tenge, providing an increase of 86.0% or 1204.2 billion tenge compared to 2020. The tax arrears to the consolidated budget on 01.01.22 amounted to 814.9 billion tenge, which was 6.2% of the revenues to the consolidated budget. In 2020, this figure was 2.7%. According to the State Revenue Committee, in 2021 additional revenues in the amount of 683.6 billion tenge are planned for the republican budget due to tax and customs administration. As we can see, the issue of improvement and development of the performance audit of tax and customs administration of the state audit is a topical topic today. Conducting a performance audit of tax and customs administration is one of the main areas of external state audit, thereby determining the relevance of the research topic. Given that the purpose of the public audit is to improve the efficiency of management and use of budgetary funds, assets of the state, and entities of the quasi-public sector, it became necessary to create a methodological framework for public audit that complies with the guidelines of the Lima Declaration and international audit standards. Additionally, as well as improve the legislative and methodological framework of the current system of public audits.

In our article, we will consider the issue of performance audit of tax and customs administration, as well as foreign experience in auditing the effectiveness of tax and customs administration. To achieve these goals, we must open the topic of the concept of tax and customs administration, as well as the audit of their effectiveness. Another issue to be addressed is a foreign experience in tax and customs administration performance audits.

2. LITERATURE REVIEW

The concept of "tax administration" is relatively new to the Kazakh taxation system. Among the authors, there is no consensus on what "tax administration" is Mamyrov (2013) defines it as strengthened tax administration, regulated by regulations in the field of taxation, which ensures the taxation of particular objects in a market economy. In turn, Mishenina and Maksimova (2012) define tax administration as a set of procedures that provide public administration in the field of taxation. Tax administration has a targeted focus on the implementation of tax legislation. Undoubtedly, tax administration is considered from the point of view of its organizational function, the work of tax authorities to ensure the receipt of tax revenues in the budget, and tax control (Alikulova et al., 2021).

According to Grishchenko (2019) position, tax administration is much broader than the concept of "tax control" it includes not only registration, accounting, control of taxpayers and objects of taxation but is also associated with an analysis of the effectiveness of taxation, tax burden, development of changes in the tax system. Therefore, tax administration should be distinguished from the concept of “tax administration” which is indicated in the works of Ugryumova (2008) where tax administration is proposed to be considered as the development of “...systematized and orderly procedures for solving problems that arise in the practice of implementing the current mechanism for calculating and paying a specific tax».

Thus, we can conclude that tax administration is a specific organizational technology, which is aimed at:

– Control over the timeliness of filing tax reports on tax, payment of tax by the taxpayer;

– Obtaining information about the object of taxation from other sources (for example, traffic police, Commercial bank, OFD), including for the calculation of taxes (for individuals) and for tax control;

– Conducting in-house tax audits regarding the correctness of the calculation and payment of this tax (if necessary for field tax audits).

At the same time, tax accounting of taxpayers is not tax administration but only the basis for subsequent administration and control. In a similar sense, it is worth considering the acceptance of financial statements, which is also maintained by the tax authority (it is not aimed at administering any particular tax). That is why it is proposed to consider tax administration:

– In a broad sense (as the functioning and activities of specialized authorities for the implementation and improvement of tax legislation);

– in a narrow sense (as the work of the tax authority related to accounting for taxpayers, administration of specific types of taxes, general control over compliance by taxpayers with tax and related legislation: on cash transactions, turnover of alcoholic and other products, including financial reporting).

Given the above, we consider it necessary to display the broad and narrow interpretation of the term "tax administration". In a broad sense, this term is presented in the form of a structural-logical diagram in Figure 1.

The model shown in figure 1 works as a comprehensive tax management system in the country. The work of the tax authorities on the implementation of tax policy and enforcement of tax legislation is only one of the links in this system. Taking into account the above and summarizing scientific research on the nature, functions, goals, and objectives of tax administration, we can conclude that it can be considered in a broad and narrow sense. In a broad sense, tax administration is comprehensive management of the tax system by the state (development of taxation, ensuring tax receipts, analysis, and change of the taxation system) (Fedorov et al., 2019).

Based on the importance of the effective work of the tax authorities, the European Commission has published Fiscal Plans (Fiscal blueprints), which provide recommendations for improving the work of the tax authorities. Based on these plans, each member state of the European Union, together with the Intra-European Organization of tax administrations, has taken measures to improve tax administration. The plan itself consists of five groups: 1) Structure; 2) Human and behavioral problems; 3) Systems and operation; 4) Service for taxpayers; 5) Support.

The International Monetary Fund and the OECD, in turn, among the important features that tax authorities should contain, include:

1) One body that collects direct and indirect taxes;

2) The body must have a sufficient level of autonomy, most often a semi-autonomous body, in terms of organization and planning, budget, performance indicators, human resources;

3) there should be a separate department that would deal with the largest taxpayers;

4) The legal framework that governs all taxes;

5) An extensive network of offices to cover mass and economic aspects with specialists in the regions (Serikova et al., 2018).

In a narrow sense, tax administration is the activity of tax authorities aimed at ensuring the implementation of tax legislation by legal entities and individuals. It includes tax accounting, acceptance of tax and financial reporting, and in some cases the calculation of taxes, control over reporting and payment of taxes, and other measures that are also closely related to ensuring the receipt of taxes in the budget system, the implementation of tax legislation. Tax control is closely related to tax administration, it is possible in the presence of a tax administration system and is considered as its element. As part of the study, a comparative analysis of the regulatory and methodological base of the Supreme Financial Control Bodies of the studied foreign countries was carried out.

3. METHODOLOGY

The research methodology includes general scientific, private, empirical and theoretical research methods using the data of the Bureau of National Statistics of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan, International Rating Agencies, the United Nations, etc. The method of graphical representation of data is used as a statistical tool.

4. FINDINGS AND DISCUSSION

Article 12 of the Lima Declaration provides for the Supreme Audit Institutions to conduct an expert assessment of the provisions of draft legislative acts. In the studied foreign countries, this norm is observed. An expert assessment of draft laws involves an assessment of the consequences to which its adoption may lead. The Supreme Audit Institutions of the countries in question pay special attention to the evaluation of draft legislation providing for tax exemptions and incentives, since one of the generally accepted powers of the Supreme Audit Institutions is to control the effectiveness and legality of providing tax exemptions and incentives. In foreign countries, tax exemptions and benefits mean tax expenses, in some countries, for example, in Germany, the concept of "tax subsidies" is used.

The methodology for assessing tax incentives in the studied countries is implied separately for each type of tax, based on the specificity of taxation. According to the generally accepted methodology, there are three approaches to the valuation of tax expenses:

1. The method of revenue forgone estimates tax expenses by the number of budget losses incurred due to exemption or the introduction of benefits. This method is the most reliable method for assessing the level of support provided to taxpayers through the tax system.

2. The method of revenue gain estimates tax expenditures by the amount that the budget would receive additionally if the norms of benefits or exemptions were canceled. The method is less reliable in estimating tax expenses, since when assessing cases of cancellation of existing benefits, such factors as a change in the behavior of the taxpayer, the date of cancellation, the impact of the cancellation of benefits on the taxation of other taxes, etc., may not be taken into account.

3. The method of outlay equivalence estimates tax expenses in the form of the sum of the direct expenses of the taxpayer before taxation. This method is applicable under the condition that direct expenses under the relevant budget program replace tax expenses and the taxpayer's income after taxation, provided that the benefit is replaced by a transfer, must be equal to the income provided that the benefit is applied.

To understand the difference between the three methods for estimating tax expenditures, one can cite the data of a study by the Inter-American Development Bank (IDB), based on the results of the data, the Methodology for Estimating Tax Expenditures was developed based on the methods of the OECD countries (Sembiyeva et al., 2020). According to this Methodology, the above methods correspond to three different concepts, which can be described as lost profits, recovered revenues, and equivalent direct costs. Before explaining the difference between the two, it should be noted that the application of tax expenditures causes changes in the behavior of taxpayers. For example, suppose the income received through various instruments is exempt from taxation. In that case, the demand for these instruments will be higher, and, accordingly, the yield on them will be higher than the yield, provided that preferential treatment is not applied. Similarly, if the income deduction is eliminated, it is possible that taxpayers can more effectively use other deductions recognized by law as a way to compensate for the lost advantage. The recognition of these and other taxpayer behavioral changes in the assessment of tax

expenditures clearly indicates the differences between the three methods mentioned above.

The lost profits method measures the loss of income that occurs after the tax expense has been introduced. It assumes that there is no change in the behavior of the taxpayer.

The recovered income method estimates the additional income that must be generated by eliminating tax expenses. Unlike the lost profits method, this method (also known as ex-ante measurement) takes into account changes in taxpayer behavior. In practice, the application of this method is very limited, since it requires estimates of the elasticity of supply and demand for goods or incomes that favor special treatment. This method also needs to take into account changes in behavior associated with tax evasion.

The equivalent direct cost method estimates a subsidy or transfer that leaves taxpayers with an income (net of taxes) similar to what they would receive from the existence of a tax expense. In order to understand the differences between this method and the previous ones, it is necessary to note the difference between two types of tax expenditure: "tax subsidies" and "tax transfers". The first of these are those that are associated with the purchase of certain goods, for example, exemption from VAT. The second is those that are associated with lower tax rates. The equivalent direct cost method accepts the fact that transfers usually form part of taxable income. Thus, if tax expense is to be assessed on the same basis as a direct transfer, then the amount of tax that would affect said transfer must be added. On the other hand, there is no need to make this adjustment for those tax expenditures indicated by tax subsidies since, in most cases, direct subsidies do not increase the taxable income of taxpayers.

We give an example of a comparison of three methods for estimating tax expenditures. Pre-tax income is assumed to be 1,000, with an effective deduction of 200. Taxable income is subject to a scale of two cap rates: 20 percent for income up to 800 and 30 percent for income above that cap. Using this lost profits method, the tax expense is estimated as the effective deduction multiplied by the marginal rates that would be effectively levied on the highest income if the tax credit were removed, i.e., 200 x 30% = 60.

The restored income method takes into account an assumed change in behavior whereby household spending subject to VAT will be reduced by 60, which means that VAT collection will decrease by 60 / 1.1 x 10 percent = 5.5, resulting in an effective tax spending 60 - 5.5 = 54.5.

TABLE 1. Comparison of three methods for estimating tax expenditures (Subject to taxation of the equivalent transfer amount)

Indicators	With tax expenses	No tax expense		
		The method of revenue forgone	The method of revenue gain	The method of outlay equivalence
1	2	3	4	5
1. Income before taxes	1000	1000	1000	1000

1	2	3	4	5
2. Effective Deduction	200.0	0	0	0
3. Equivalent direct costs	0	0	0	85.7
4. Income (1 - 2 + 3)	800	1000	1000	1085.7
5. Income tax rate	20%	30%	30%	30%
6. Income tax (with an income of 800, the rate is 20%, over 800-30%)	160.0	220.0	220.0	245.7
7. Income after taxes (1 + 3 - 6)	840.0	780.0	780.0	840.0
8. Highest Income Tax		60.0	60.0	85.7
9.Change in taxpayer behavior		0.0	5.5	0.0
10. Total tax expenses (8 - 9)		60.0	50.5	85.7

Note: Compiled by authors

Finally, using the direct cost equivalent method, the marginal rates that would effectively be levied on the highest income if the tax credit were removed should be applied to the deductible amount. Additionally, increase the result of the amount of tax that would affect the equivalent of the expense amount, or in this case, 200 x 30% / (100%-30%) = 85.7. The transfer of value would subsequently result in an after-tax income of 840, which is in line with the tax expense situation (line 7 of Table 1).

If the equivalent transfer were tax-free, or if it were a subsidy-type tax expense, the equivalent direct cost method would yield exactly the same result as the lost profits method. This situation can be observed in the following table. Since the equivalent direct cost is not subject to income tax, its value is estimated as a deduction multiplied by the marginal rate that would have affected the taxpayer had it been excluded, i.e., 200 x 30% = 60 (Table 2).

TABLE 2. Comparison of three methods for estimating tax expenditures (Subject to the exclusion of taxation of the equivalent transfer amount)

Indicators	**With tax expenses**	**No tax expense**		
		The method of revenue forgone	**The method of revenue gain**	**The method of outlay equivalence**
1	**2**	**3**	**4**	**5**
1. Income before taxes	1000	1000	1000	1000
2. Effective Deduction	200.0	0	0	0

1	2	3	4	5
3. Equivalent direct costs	800	1000	1000	1000
4. Income (1 - 2 + 3)	20%	30%	30%	30%
5. Income tax rate	160.0	220.0	220.0	220
6. Income tax (with an income of 800, the rate is 20%, over 800-30%)	0	0	0	60
7. Income after taxes (1 + 3 - 6)	840	780	780	840
8. Highest Income Tax	0	60	60	60
9.Change in taxpayer behavior	0	0	5.5	0
10. Total tax expenses (8 - 9)	0	60	54.5	60
Note: Compiled by authors				

It should be recognized that in order to correctly determine tax expenditures, it is necessary to compile a list of all tax exemptions associated with various taxes within the tax system. It is also necessary to determine for which taxes the tax expense should be measured. It is recommended to make this list as complete as possible at this stage.

Below is a table of definitions and methods for measuring tax expenditures for selected OECD countries, as well as for Belgium, Germany, and France (Alibekova et al., 2021). No information is available on the definition and measurement of tax expenditures for New Zealand, Denmark, Sweden, and Singapore (Table 3).

TABLE 3. Determination and measurement of tax expenditures for selected OECD countries

Country	**Definition and measurement of tax expenditures**	
	Determination of tax expenses	**Methods for estimating tax expenses**
1	**2**	**3**
Australia	Tax provisions that provide for the collection of taxes for certain categories of taxpayer or certain types of activities that differ from the structure of the selected benchmark	The method of revenue forgone on an accrued method
Belgium	Income forgone due to the use of tax exemptions in the form of exceptions from the Tax Code, which are provided to certain taxpayers or economic, social or cultural activities and which can be replaced by direct subsidies	The method of revenue forgone on a cash basis
Canada	Deviations in relation to the control tax	The method of revenue forgone on a cash basis

1	2	3
Germany	There is no clear definition. References to benefits received by enterprises or sectors of the economy As defined by the SAI of Germany, tax expenditures are special exemption rules that help taxpayers and at the same time reduce the government's tax revenues.	The method of revenue forgone on a cash basis
France	Legal provisions, the implementation of which results in a reduction in tax revenue for the state compared to the application of the provisions or norms that are the principle of the basic tax calculation	The method of revenue forgone on a cash basis
Italy	Favorable tax regime, which is an exception to the principles	The method of revenue forgone for accrued method
Note: Compiled by authors		

In many foreign countries, the requirement to submit a Report on tax expenses (subsidies) to the relevant legislative bodies should be legally fixed. Of the OECD countries that report on tax spending, at least nine have noted the importance of reporting and made it a legal requirement, these countries include Belgium, France, and Germany. In addition, most of these countries directly link the reporting of tax expenditures to the budget process (Karabayev et al., 2021). In general, most OECD countries that report tax expenditure do so for personal and corporate income taxes, as well as value-added tax, if applicable. Belgium, France, and Germany report tax expenditures on most direct and indirect central government taxes (Zasko & Shakirova, 2014).

TABLE 4. Reporting tax expenditures in OECD countries

Country	Purpose / use	Legal requirement	Relations with a budget	Periodicity	Assessment method
1	2	3	4	5	6
Australia	Facilitating the assessment of tax costs along with direct costs;	Legal must	Separate government budget summary document	Annually	The method of revenue forgone on an accrued method
Belgium	Assistance in the development of the tax system; Public information.	Legal must	Annex to the budget	Annually	The method of revenue forgone on a cash basis
Denmark	Assessing the impact of various ax measures on income			During thematic reviews	The method of revenue forgone

1	2	3	4	5	6
Canada	Analysis of federal income tax and VAT systems;	No mandatory requirements	Not tied to the budget process, but for pre-budget consultations	Annually	The method of revenue forgone on a cash basis
France	Pre-budget consultations	Legal must	Attached to the budget	Annually	The method of revenue forgone on a cash basis
Germany	Facilitating the budget process	Legal must	Within the budget called "Subsidies Report"	Biennial	The method of revenue forgone on a cash basis
Italy	Reducing subsidies / costs	Legal must	Not related to the budget process or not attached to the budget document. But this is an independent document.	Periodic	The method of revenue forgone on an accrued method
Netherlands	Assessment of tax expenditures based on their value, objective criteria and their compliance with the budget;	Required, but not by law	Attached to the Budget Memorandum. Not directly related to the budget, but serves as an additional reference for Parliament.	Annually	The method of revenue forgone on an accrued method
USA	Assessment of tax expenditures based on their value, objective criteria and their compliance with the budget;	Legal must	As part of annual budget documents, but not integrated into the budget process.	Annually	The method of revenue forgone , The method of revenue and The method of outlay equivalence on a cash basis
Sweden				Thematic checks	
Note: Compiled by authors					

The table below details the reporting of tax expenditures in OECD countries (according to the World Bank), including Belgium, Germany, and France. Data not available for New Zealand and Singapore (Table 4)

Along with this, within the framework of the ongoing study, another significant indicator of the effectiveness of tax administration in foreign countries, "tax gaps", was studied. The tax gap is a value showing the difference between the amounts actually received by the budget and potential tax revenues (tax potential) (Serikova & Sembiyeva, 2020).

In Belgium, the assessment of the tax gap is carried out by the Ministry of Finance, in Germany the assessment conducted by the IFO Institute (Leibniz Institute for Economic Research at the Munich Institute of Economics) is used. In international practice, two methods are used to determine the tax gap. The methodology for calculating these lost taxes is available on the website of the International Monetary Fund (hereinafter referred to as the IMF) and is used by many OECD member countries. As part of the study, for Germany and Denmark, a methodology for calculating tax gaps according to the “top-down” scheme is given using the example of VAT (as the main source of the budget). So, in Denmark, the RA-GAP model is used. The model analyzes the difference between potential tax revenues and actual VAT revenues to the budget. Below is a diagram of methods for determining the VAT tax gap (see Figure 1).

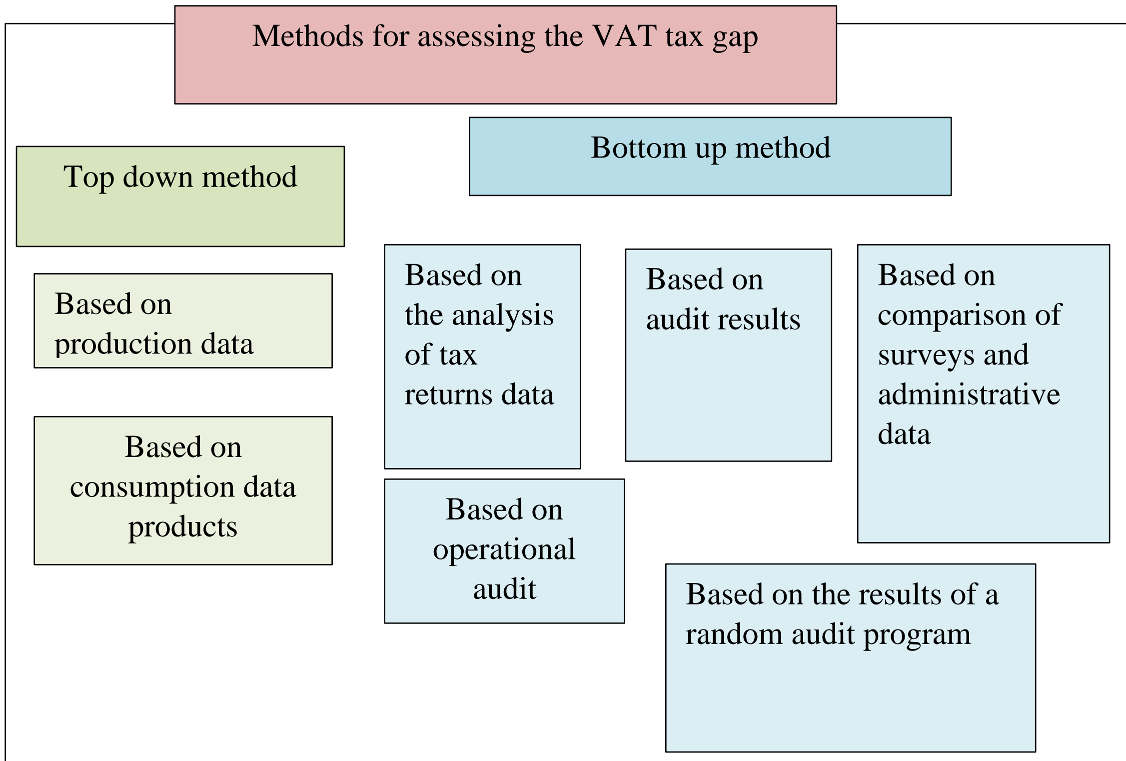

FIGURE 1. Scheme of methods for assessing the VAT tax gap
Note: Compiled by authors

According to the top-down method, the tax gap calculation is based on the use of macroeconomic indicators and national accounts that characterize the entire economy of a country or a separate region (for example, the EU). This method theoretically includes

tax as the whole base, thus requiring less time and relatively few resources (Sembiyeva et al., 2021).

The "bottom-up" method implies an assessment of the tax gap for different groups of taxpayers. The method involves the use of information on compliance with tax laws based on the results of control measures. This method is based on the results of selective audits of taxpayers with high tax risks, studies of individual sectors of the economy, and risk assessments for them. With this method, it is difficult to assess the non-observed economy and determine the losses of the state budget caused by tax evasion, fraud, since random checks are carried out within the framework of registered taxpayers. For example, the difference between the additional amounts accrued based on the results of a tax audit and those recovered is an element of the tax gap. To assess this difference, the bottom-up method is applicable (Gemmell et al., 2014)

Thus, the top-down assessment of the tax gap gives an overall estimate, and it is impossible to determine which sectors of the economy or discrepancies are the sources of the tax gap. Under the bottom-up approach, individual data on taxpayers can provide detailed information on sectors of the economy and non-compliance with tax laws.

In case of sufficiency of resources, combining methods for assessing the tax gap can be recommended, which will allow comparing the results. In addition, within the framework of the study, the forms of tax administration in the tax authorities of the countries under consideration were studied. In terms of tax administration, different countries are at different levels of development. The first group is formed by countries with a complex organizational structure of tax authorities - this includes Germany and France (Gemmell et al., 2014). The second group consists of countries with relatively compact structures of tax authorities - for example, Belgium, Denmark, and Sweden. The third group includes mainly countries with a relatively small number of taxpayers compared to the first two groups, the staff of the tax authorities in them can be up to 2 thousand employees.

Features of building organizational structures of tax authorities in different countries of the world are as follows. “First, the tax authorities may have a single nationwide structure (Germany, France, and Sweden) (Hasseldine, 2014). Secondly, the tax authorities may be part of the state's general financial management system or operate on a relatively autonomous basis. For example, in Germany the tax authorities operate as subdivisions of the Ministry of Finance, while in Sweden, they act as independent government agencies that operate independently of the Ministry of Finance. Thirdly, the traditional structure of the system of tax authorities is different - types of taxes (indirect taxes, income taxes, customs duties, immovable property taxation) and combined. For example, in Sweden, a single tax authority collects all indirect taxes and customs duties.

“In the countries studied by us, the principles of tax administration are laid down in tax laws. For example, the General Tax Code of France is a codified act, which is a set of laws. The procedures for implementing tax control are given in the Book of Tax Procedures, which is the procedural tax code of France” (Sembiyeva, 2020). “German tax legislation consists of a set of laws: tax laws and 15 special laws. It should be highlighted in the tax legislation "Taxation Procedure", which consists of 415 articles, containing, among other things, the rules on criminal legal violations, which represent the legal basis for countering various forms of tax evasion in Germany” (Serikova, 2020).

Tax audits in Germany are carried out in accordance with the Financial Audit Regulation approved by the German Ministry of Finance in agreement with the German Bundesrat, and are carried out in order to establish and assess the circumstances of the case that are significant for taxation, and not to find additional taxes. Despite the difference in tax laws in the countries under consideration, in the implementation of tax control, the actions of tax and customs services are common in terms of registering taxpayers, conducting tax audits, simplifying the work of tax and customs authorities, considering pre-trial appeals of tax disputes, etc. One of the important elements of tax administration in these countries is registering taxpayers and assigning identification numbers to them.

For this purpose, the ratio of the number of registered taxpayers to the total population and to the number of able-bodied population is estimated. Thus, in Belgium and France, the registered population is considered quite high (more than half). In Germany, not all able-bodied individuals are registered as taxpayers, as registration is not universal.

According to paragraph two of article 20 of the Lima Declaration, "when checking compliance with tax laws, the supreme audit institution should also study the organization of the work of tax services and the efficiency of tax collection, the implementation of the revenue plan and, if necessary, should make proposals for improving the relevant legislation."

An assessment of the current legislation to identify gaps and inconsistencies is carried out in all countries studied. In many foreign countries, the organizational and functional structure of the tax authorities provides for a combination of functions for the administration of tax and customs payments (a mixed type of structure), for example, in Belgium. In almost all countries under consideration, SAI auditors monitor the quality of services provided by the tax and customs authorities. Therefore, for example, in New Zealand, an audit of the efficiency of the work of the tax authority is carried out in order to simplify its work, while in Denmark they monitor the productivity of the work of the tax authority. The simplification of the work and the productivity of the tax authorities themselves is directly related to the receipt of taxes. As noted above, simplifying operations, more open policies, and clarifying complex tax laws is a more effective way to deal with tax evasion than dealing with taxpayers who are already in arrears. This is because the taxpayer associates tax payments with "costs". The costs in this case are not only cash payments for taxes, but also complex and confusing legislation, bureaucracy (incorrectly completed form, etc.), fines, unavailability of consultants to explain tax obligations, etc. (Zhussipova, et al., 2019). The role of the tax authority is not only to reduce the costs of the tax authority, but also to reduce the costs of taxpayers.

5. CONCLUSIONS

Summing up, tax and customs administration is one of the most critical levers of public administration, ensuring the republic's stable economic development. Based on this, it can be concluded that the quality of tax administration depends not only on the collection of taxes and the functioning of the economic system but also on the stable economic development of the republic.

Based on this, it can be concluded that the quality of tax administration depends not only on the collection of taxes and the functioning of the economic system but also on the stable economic development of the republic. The performance audit is a type of audit activity widespread abroad and developing in our country. It aims to express an audit opinion on the effectiveness, efficiency and effectiveness of financial and economic processes, management processes, and service programs in the public and private sectors. In one of the first works in the domestic literature, the efficiency audit is defined as a systematic, targeted and organized process of obtaining objective data on the efficiency, effectiveness, and efficiency of the audited state body's activities and mutual verification.

Thus, the results of a study of the experience of individual foreign countries have shown that the powers vested in the SAIs of these countries and approaches to assessing the effectiveness of tax and customs administration have standard features and their characteristics. In this regard, when forming methodological guidelines for conducting a performance audit of tax and customs administration, those results of the study that, in our opinion, are acceptable for Kazakhstan will be accepted.

The study of the international experience of SAIs in conducting performance audits of tax and customs administration allowed us to identify general trends in the conduct of performance audits by the Supreme Audit Institutions of these countries, namely:

- The provisions of the current legislative acts are assessed in order to detect gaps and inconsistencies and, if necessary, proposals are made to improve the legislation and simplify it;
- An expert assessment of draft legislative acts, including those providing for tax exemptions and benefits, is carried out;
- the provision of legality and effectiveness of tax exemptions and benefits is monitored, and for this purpose the indicator “tax expenses (subsidies)” is assessed;
- The indicator "tax gaps" is estimated;
- assesses the quality of services provided by tax and customs authorities, the adoption of measures to simplify the work of tax and customs services.

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