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DESK AUDIT IN THE STATE AUDIT SYSTEM⁶

The introduction of effective desk audit in the system of state audit allows establishing a productive use of public funds, and avoiding misuse of the budget. Conditioned upon the spread of Covid and the tightening of quarantine measures, the situation with on-site tax inspections has become more complicated. In modern conditions, the importance of analysing the directions of this type of audit, its evaluation, and identifying the prospects for its development is increasing. The purpose of the article is to assess the current state and directions of development of desk audit in the state audit of the Republic of Kazakhstan, to identify possible problems during this type of tax audit and to find ways to solve them. The scientific article uses the following methods of research: the method of analysis of scientific sources, the method of information retrieval, the method of analytical review, the method of analysing regulatory documents on the subject of conducting a desk audit, the method of functional analysis, the method of analysing the root cause. The international practice of application of desk tax audit is studied. The assessment of the current state of desk audit in the system of state audit of the Republic of Kazakhstan was carried out. The directions of development of desk audit in the system of state audit are determined. The main results of this research can be considered not only the identification of problems during the desk audit, but also the determination of ways to solve them. The directions for improving the organisation of the process of desk audit are determined. The results of this scientific study, including the conclusions formed on their basis, contribute to the study of the problems of desk audit in the Republic of Kazakhstan.

Keywords: taxation; international experience; budgetary funds; financial control; violations; targeted use.

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1. Introduction

To establish effective management of budgetary funds, the state needs to receive reliable information about their use. The introduction of an effective desk audit allows to obtain complete information about the expenditure of public finances, identify violations in a timely manner and thereby avoid misuse of budget funds (Pois, 1975; Willison, 1987; Harden, 1993; Çalıyurt, 2021). In Kazakhstan, the Committee of the Internal Public Audit of the Ministry of Finance of the Republic of Kazakhstan and its territorial divisions carry out desk audit in the state audit system. Verification is carried out by analysing the data provided by the audit object through the Web portal. This type of financial audit is performed without a direct visit to the facility, which is subject to financial audit (Nurbayev, Zhanbekova, 2022). Among the purposes of the desk audit, the following can be distinguished: collecting financial statements for tax audits, avoiding violations of tax legislation by identifying unpaid taxes and organising control of tax payments by taxpayers. The organisation of timely, accurate and high-quality control of tax payments is one of the main tasks of the tax department of each country (Furmanchuk, 2023, pp. 34-42). Different countries use different methods of state fiscal management. In developed countries, special bodies have been created whose functions include tax administration. However, they differ in different ways of organising tax services and their subordination. In Japan, Australia and China, the tax authorities have an independent status, in Italy, the United States of America (USA), Sweden and France they are subordinate to the financial authorities of the countries (Harris, 2020). In Kazakhstan, they are subordinate to the authorised body managing state revenues (Nurbayev, Zhanbekova, 2022). Tax policy in Kazakhstan is carried out by the Ministry of Finance, in Switzerland – the Federal Department of Finance, in Greece – the Ministry of Finance, in France – the Ministry of Economy and Finance, in Japan – the National Tax Administration. In China, tax policy is carried out by the Tax Administration, which is subordinate to the Ministry of Finance, but tax audit is carried out by the Main State Tax Administration. In Japan, the tax audit is carried out by the National Tax Administration, in Malaysia – the Inland Revenue Board, in Germany – the Federal Tax Office, in Switzerland – the Federal Tax Administration, in the USA – the Internal Revenue Service, in Brazil – the Federal Revenue Service, in France – the General Directorate of Taxes, in Kyrgyzstan – the State Tax Inspectorate (Harris, 2020). Considering the experience of different countries in the implementation of the function of state control over the payment of taxes, a number of authors (Maydew, Shackelford, 2005; Shaviro, 2006; Kirchler, 2007; Meuwese, 2011; Burton, Sadiq, 2013) highlight the following features: in developed countries, there is awareness among the civilian population of the need to pay taxes, which creates a favourable environment, a national number is entered for each taxpayer. In many developed countries, in addition to punitive measures in violation of tax legislation, incentive measures are also applied (Financial report..., 2002). As incentive measures, additional services are provided to the taxpayer: training and consulting in the provision of tax returns, assistance, etc.

Researchers (Pois, 1975; Çalıyurt, 2021) emphasise that improving the organisation of the process of conducting desk audits at the state level is a factor in increasing the effectiveness of on-site tax audits. The international experience of state tax audit has been widely studied by the legislators of the Republic of Kazakhstan, with the aim of using it in drafting laws regulating the tax sphere and practical application. When studying the research of scientists

of the Republic of Kazakhstan (Nurbayev, Zhanbekova, 2022; Omarbakiyev, 2020), a number of problems were identified in the implementation of desk audit. N. Nurbayev and Sh. Zhanbekova (2022) emphasises that the tax service of the Ministry of Finance of the Republic of Kazakhstan plays an important role in filling the state budget, while significant budget expenditures are required for the implementation of the activities of tax authorities. Conditioned upon the insufficiently rationally organised structure of the tax service, there is an overspending of budget funds allocated for their activities. As a result, there is a reduction in the potential of the tax service and a decrease in the efficiency of its activities. L. A. Omarbakiyev (2020) emphasises that the tax system of the Republic of Kazakhstan does not have a stimulating initiative that should accompany the implementation of all tax functions.

In connection with the above, the purpose of the article is not only to assess the current state and directions of development of desk audit in the state audit of the Republic of Kazakhstan, but also to find ways to solve the identified problems, since their solution will allow the regulatory authorities conducting desk audits in the state audit to improve this process.

2. Materials and Methods

The article uses the following research methods: the method of analysis of scientific sources, the method of information retrieval, the method of analytical review, the method of analysis of normative documents on the subject of desk inspection, the method of functional analysis, the method of analysis of the root cause. The article analyses and summarises the experience of conducting a desk audit in the state audit system of various countries. The use of the method of analysis of scientific sources allowed the collection of scientific data on the topic, determining the role of desk analysis in the system of state control. The method of information retrieval was used to find and select practical experience in conducting desk audits, regulatory documents and modern research. The method of analysing regulatory documents on the subject of the desk audit allowed searching for earlier regulatory legal acts affecting the same area of research. The method allows finding all the normative legal acts regulating the development of the desk audit system in the state audit system for a certain historical period, concerning one direction. Allows expanding the search range of documents relative to the initially defined search directions.

To identify problems in the application of desk analysis in the state audit, a functional analysis was used to establish a causal relationship between the identified shortcomings in the process of conducting a desk audit and the negative impact that these “gaps” may have on the quality of the audit performed. The use of the root cause analysis method in research allowed identifying the main causes of problems among the outlined problems in the method of using desk audit in the state audit system and determining the measures necessary to eliminate them. The use of a combination of the above methods of research allowed not only to find, systematise and analyse the necessary information, but also to identify the main trends in the development of the practice of using desk audit in the state audit system.

The research was conducted in three stages. In the first stage, information was collected for further analysis. By the method of information search, information sources were selected with a description of the experience of using desk audit. In particular, information sources

were selected describing the experience of conducting a desk audit in the state audit system of the Republic of Kazakhstan. A list of regulatory documents regulating the conduct of desk control in the Republic of Kazakhstan has been selected. In the second stage, the experience of conducting a desk audit in the state audit system both in the Republic of Kazakhstan and in the practice of other countries was analysed and summarised. Methods of analysis of scientific and regulatory sources of information allowed systematising information about the experience of conducting a desk audit, determining the main ways of development of this type of tax control. In the third stage, a causal relationship was established between the identified shortcomings in the process of conducting a desk audit and the negative impact that these “gaps” may have on the quality of the audit performed. For this purpose, functional analysis was applied. The method of analysing the root cause allowed for identifying the main causes of problems among the outlined problems in the methodology of using desk audit in the state audit system and determining the measures necessary to eliminate them.

3. Results

The analysis of the experience of conducting desk audits in the state audit gave the following results. Tax control is one of the most important levers of state regulation. It is carried out, first of all, with the aim of conducting an effective financial policy of each state. As studies have shown (Pois, 1975; Willison, 1987; Harris, 2020; Çalıyurt, 2021), the number of cases of tax evasion has been increasing recently, which in turn leads to the loss of a large number of potential financial revenues to the budget. Sending claims for payment directly to the taxpayer's address is one of the effective measures to eliminate such tax violations (Burton, Sadiq, 2013). In modern conditions, there is an increasing need to improve the tax control system by increasing the effectiveness of its work. Therefore, it is worth considering international experience in assessing the functioning of tax services. To analyse the ways that are used to increase the effectiveness of the activities of fiscal services.

State tax authorities around the world are also trying to constantly increase the effectiveness of tax audits. The tax system of the United States of America is one of the most efficient in the world. This is achieved not only by optimising the tax control procedure, but also by ensuring the protection of taxpayers' rights in court (Burton, Sadiq, 2013). Desk audit has been widely used in the tax practice of developed countries for quite a long time. However, the United States of America has become a pioneer in the field of electronic reporting. It is in the experience of this country that there are the most effective examples of improving the efficiency of desk audits. In 1986, the first electronic reports were transmitted through communication channels. In 1999, the volume of financial statements in electronic form reached 2500000 units. Then Germany, Great Britain, Australia and Canada began to use this form of control in tax practice. In France, desk audit is widely used in the system based on external data (Shaviro, 2006).

The USA Internal Revenue Service (IRS) is built on a territorial and functional principle. In the USA, two types of tax audits can be distinguished: audit or examination – tax audits themselves and checking, compliance check and compliance review – other control measures (Willison, 1987). Before the tax audit, the USA Internal Revenue Service performs checking

– a preliminary check for discrepancies and mathematical errors. An automated system is used for this purpose. The time and place of the tax control (examination, audit) are chosen by the representatives of the IRS. Either taxpayers themselves or third parties are summoned. The IRS has the right to request only those documents for tax audit that are necessary for a particular case (Shaviro, 2006). At the same time, to investigate a tax violation, the IRS has the right to request accounting and other filing documents, books, records, data from other media, and declarations of an informational nature for verification (United States v. Arthur Young..., 1984).

Depending on the location of the tax audit, there are: desk (office audit) and field audit (U.S. v. Cohen, 1959). Desk audit can be carried out in two ways: face-to-face (in person) audit – by personal meeting in the office and remote audit – correspondence checks, submission of documents by taxpayers at the request of a representative of the IRS (IRS Official Website Information, 2022). Representatives of the IRS, regardless of the method of conducting a tax audit, can personally visit the places of control to establish possible tax violations that can be detected only by personal inspection. When performing an absentee check, a request is sent to the taxpayer's address to provide additional documents. Most often, at this stage, the audit ends if the representative of the tax service receives all the necessary documents in the required volume. If an employee of the IRS has additional questions about the object of inspection, then the taxpayer is called to the office of the tax service to give explanations about the questions of the representative of the IRS.

In the USA, when tax authorities select declarations for verification, they are most often guided by the “distinctive parameter” method. The use of this mathematical method allows the classification of tax returns according to the level of probability of errors or discrepancies. Thus, employees of fiscal services sort declarations into groups. For example, declarations of individuals are divided into groups according to the amount of their income, and a special mathematical formula sets the parameters of their classifications. Next, the specified parameters are summed up to obtain a “distinctive” parameter. The higher the value of this parameter, the more likely a tax audit will be conducted (Meuwese, 2011). This method is very effective because it reduces the time and money resources of tax services when selecting tax returns for verification. USA law prohibits inappropriate checks. The USA Internal Revenue Service checks only those taxpayers who are suspected of financial fraud and from whom large financial receipts will come to the budget. The inspector of the USA Tax Service, when making a decision to conduct a desk audit, is guided by the fiscal interests of the state. Even if the taxpayer is suspected of financial fraud, the inspector will decide that it is inappropriate to initiate an audit, since the amount of possible tax revenues to the budget will be insignificant. Thus, there is a saving of limited IRS resources.

Employees of the USA tax authorities have a high rating, which is based on a high level of wages. The system of tax service has a multi-stage system of salary levels, which allows further increasing it with career advancement. A bonus reward system is also used. The tax authorities effectively implement a policy on advising taxpayers. Education of taxpayers on the issues of filling out tax returns and changes in tax legislation is carried out through publications in the media, dissemination of methodological guidelines and telephone consultations. Centres have also been established to provide advisory assistance to individuals. The private sector of tax consultants is developed. As for medium and large

businesses, their representatives have such consultants in their organisations. Thus, the state creates favourable competitive conditions, but at the same time controls the legality of activities. Despite the fact that the state requires effective budget revenues from the tax authorities, it does not skimp on spending on technical support for tax authorities and consulting taxpayers. Quite large funds are allocated for the professional development of employees of tax authorities, as one of their areas of modernisation of the tax service. In the media, measures are being taken to form a negative attitude of society towards tax evaders (Berestovoy, 2005). And despite such a level of budget expenditures, statistical data shows the high efficiency of tax services.

Another Western state that effectively implements its tax policy is Denmark. The tax authorities of this state use the principle of providing data that corresponds to the information of the tax data bank. Conducting a comparison of such data allows representatives of tax authorities to identify those taxpayers whose tax data do not comply with established standards or industry averages. Thus, those superchargers who provided incorrect data are selected and will be selected for subsequent verification. France has a system of internal control over the activities of fiscal services. The General Tax Administration of France enters into contracts with interregional governing bodies for a period of three years, which specify the main goals, objectives and a system of criteria for evaluating the goals set. Social bonuses are provided for achieving the set goals. The analysis of publications has shown that in the tax practice of countries such as Denmark and the USA, in matters of improving the effectiveness of tax control, the greatest attention is paid to the methods of selecting taxpayers for verification: indirect methods of calculating the tax base and methods of selecting declarations for verification.

4. Discussion

An analysis of the experience of other states allows identifying a number of effective measures to improve the efficiency of the functioning of the state tax service, but it is quite difficult to assess the possibility of introducing such measures into the state audit system of the Republic of Kazakhstan. It is necessary to conduct a preliminary analysis of tax legislation, to study the structure of the tax authorities of Kazakhstan. The Republic of Kazakhstan was the first country from the Commonwealth of Independent States (CIS) to introduce auditing based on international standards. Thus, it was possible to maintain leadership positions not only in the CIS, but also in Central Asia. By Order of the Minister of Finance of the Republic of Kazakhstan No. 598 “On approval of the rules for conducting desk control” (Order of the Minister of Finance..., 2015), the Rules for conducting desk audit were approved. According to this document, “desk audit is another form of control carried out by a territorial subdivision of the department of the authorised body for internal state audit without visiting the object of state audit and financial control based on the analysis and comparison of information systems data, including information about the activities of objects of state audit”.

Western researchers of the tax system M. Burton and K. Sadiq (2013) emphasise that the implementation by the state of its tax policy should include not only the organisation of

control over compliance with the norms of legislation on taxes and fees, but also the creation of optimal conditions for the implementation of such norms. Therefore, it is obvious that it is the increase in the effectiveness of the control work of tax authorities that is a necessary condition for optimising the functioning of the entire tax system of the country. It is necessary to have a clear understanding that with the low efficiency of the work of tax services, one cannot count on the timeliness and sufficiency of budget revenues. The creation of an effective tax control system allows creating a solid financial system that not only ensures the interests of the state, but also aims to respect the rights of taxpayers.

Researcher E. Kirchler (2007) believes that one of the important tasks of the state is to analyse the effectiveness of the work of controlling tax authorities, improve the organisation of tax control, and find ways to optimise the work of tax services. That is why the strategic direction in the management of tax services should be to strengthen the role of desk audits by improving tax control methods. The main purpose of tax control should be to hold accountable taxpayers who have violated tax legislation. It often happens that it is precisely the imperfection of tax legislation that prevents the creation of a stable tax system. The presence of “dark” zones in the legislation contributes to the creation of conditions for tax evasion and the commission of tax crimes by both legal entities and individuals.

As the analysis showed, there are a sufficient number of obstacles to the development of the tax system, caused by both external and internal reasons, which have not yet been eliminated in full. Therefore, the state needs to direct efforts to restore order in the tax system and improve tax legislation. It should be emphasised that the goal of implementing the tax policy of any state is to increase budget revenues while minimising budget expenditures. To achieve this goal, it is necessary to optimise the work of tax authorities, since on the one hand they play an important role in filling the state budget, and on the other hand, their activities require significant budget expenditures. Conditioned upon the insufficiently rationally organised structure of the tax service, there is an excess of the costs allocated from the budget for its functioning. Building an effective tax system leads to an increase in the competitiveness of the economy and an improvement in the standard of living of the population of each country.

According to the Code of the Republic of Kazakhstan “On taxes and other obligatory payments to the budget (Tax code)” (2017) “the structure of the tax service includes the Tax Committee of the Ministry of Finance of the Republic of Kazakhstan, tax committees by regions, cities of Astana and Almaty, inter-district (regional) tax committees, tax committees by districts, cities and districts in cities, and the Tax Police Committee of the Ministry of Finance of the Republic of Kazakhstan, tax police departments for regions, cities of Astana and Almaty, interdistrict (regional) tax police departments or tax police departments for districts, cities and districts in cities”. The territorial bodies of the tax service are not included in the local executive bodies and are subordinate to the corresponding higher body of the tax service. The tax legislation of the Republic of Kazakhstan is one of the complex aspects of the relationship between business and the state, despite the annual additions and changes. Recently, there have been many controversial issues between the state and business in the process of carrying out desk audits. N. Nurbayev and Sh. Zhanbekova (2022) emphasise that since 2018, desk audit has turned from a tool for preventing tax violations into a tool with which tax audits are initiated. This was explained by some changes in tax legislation,

including restrictions on the number of on-site inspections (introduction of quarantine measures).

The analysis showed that the judicial legislation in matters of tax disputes is also not perfect. It is practically impossible to defend your interests in court. Despite the fact that the taxpayer sends all the necessary documents and explanations to them at the request of the tax authorities, representatives of the tax services continue to send decisions stating that the taxpayer has not fulfilled their notifications. After receiving this type of notification, taxpayers can only appeal them in court, as a result, the number of court proceedings increases. There are several factors that lead to this practice. Firstly, when conducting an audit, the specialists of the tax authorities do not analyse each taxpayer individually, but simply follow the established practice. Secondly, tax disputes usually take place in all judicial instances, because state bodies, fearing to be punished, file an appeal to the highest judicial instances, if the court has sided with the taxpayer. Thus, the government costs of conducting tax audits are unreasonably growing. Thirdly, very often representatives of the tax control authorities, when appealing the results of the audit, do not comply with the requirements of the Code of the Republic of Kazakhstan “On taxes and other obligatory payments to the budget (Tax code)” (2017), which states that the notification is considered unfulfilled in two situations: all the explanations provided do not comply with the Tax Code and the taxpayer has not eliminated all the comments provided at all. To eliminate the identified problems, it is first of all necessary to improve the quality of data analysis by the tax authorities before the notification is issued. And it is also necessary to improve the quality of analysis of tax documentation, which is provided by taxpayers for the issued notifications.

The problems of desk audit carry a bureaucratic and economic burden for each taxpayer. Therefore, their decisions will be perceived by business as a positive change in the tax administration. The state bodies of the Republic of Kazakhstan plan to amend the Code of the Republic of Kazakhstan “On taxes and other obligatory payments to the budget (Tax code)” (2017), which will initiate the occurrence of tax disputes not only on procedural grounds, but also on identified potential violations of tax legislation. In this case, if amendments to the Tax Code that initiated tax disputes based on the results of desk audit are made, this will further complicate desk audits and increase the number of disputes arising. In Kazakhstan, the powers of tax authorities in conducting desk audits are quite limited. In some countries of the Organisation for Economic Cooperation and Development, tax authorities can conduct inspections more efficiently. For example, in Germany, Sweden and France, tax authorities have access to electronic databases of tax and accounting documents of taxpayers (Harden, 1993; Meuwese, 2011). There are countries in which tax authorities have access to databases of national banks and other organisations that have the necessary information for tax control. In the process of a desk audit in Sweden and Norway, when checking any declarations, it is allowed to request the taxpayer to provide primary documents. And in Canada, the UK, the USA and Germany, the tax authorities can even conduct operational investigative measures (Maydew and Shackelford, 2005). Such opportunities are not provided for by the tax legislation of the Republic of Kazakhstan. The existence of such measures would reduce the volume of documents received in paper form, the number of frauds and thereby ensure timely receipt to the budget and improve the quality of tax administration.

As a result of the analysis of the experience of conducting tax audits in the Republic of Kazakhstan, a number of difficulties were identified on the way to optimise the work of the tax service (Nurbayev, Zhanbekova, 2022; Omarbakiyev, 2020). As mentioned above, one of the ways to conduct a desk audit is the analysis of documents that are provided at the request of regulatory authorities. The application of this method in practice has a number of problems. Firstly, the volume of documents that can be requested by the monitoring body has not been established. Some information may turn out to be a personal or financial secret that will not be disclosed. Secondly, regulatory authorities request large amounts of information that are often unrelated to the object of verification, including information that is freely available. At the same time, the taxpayer organisation spends considerable labour and financial resources to collect the necessary information, which leads to expenses of the object of verification. The use of the “principle of reasonableness” of the information requested from the taxpayer would significantly reduce the amount of data provided. However, to do this, it is necessary to legislate general requirements for reasonableness. Thirdly, when setting deadlines for the provision of financial documentation, the specific features of a particular organisation are not considered. The deadlines should be adjusted depending on the volume of financial documents to be submitted to the regulatory authorities, and the possibility of their provision (for example, when part of the organisation's documents were seized by investigative authorities, etc.) (Alieksieiev, Paranchuk, Chervinska, 2020, pp. 1-9).

According to N. Nurbayev and Sh. Zhanbekova (2022), the main problems of the tax desk audit in Kazakhstan include the lack of clearly defined criteria for selecting objects for verification, the excessive volume of requested documents, and the insufficient consideration of the individual characteristics of taxpayer organizations. Their study of 50 taxpayers in Kazakhstan found that the average time spent on document collection and submission was 38 working days, with an average of 173 documents submitted per taxpayer. Additionally, 62% of respondents noted that the requested information was excessive and not related to the object of verification. L. A. Omarbakiyev (2020) research also highlights the problems of the tax system in Kazakhstan, including the complexity of tax legislation and the high tax burden on small and medium-sized enterprises. The study found that small businesses in Kazakhstan spend an average of 322 hours per year on tax accounting, which is significantly higher than in other countries in the region. Additionally, the author notes that tax authorities in Kazakhstan often focus on formal compliance with tax regulations rather than on the actual economic substance of transactions, leading to additional burdens on taxpayers.

Guided by the principle of reasonableness, representatives of the object of tax audit could challenge the timing of the submission of documents based on the volume of requested data and the time of their submission, the method of transmission, etc. To achieve the principle of reasonableness in the timing of document submission during tax audits, it is proposed to adopt a risk-based approach that takes into account the level of materiality of the requested data. This means that the volume and complexity of documents requested would be proportionate to the level of risk involved, with more significant risks requiring a more comprehensive audit process. Additionally, it may be useful to establish clear and concise procedures for the submission and transmission of documents, including standardized electronic formats for easier processing. The Government of the Republic of Kazakhstan is taking measures to improve tax administration in the country. In 2019, the provisions of the tax legislation of the Republic of Kazakhstan on horizontal monitoring came into effect. In

2020, the Rules for conducting a pilot project on horizontal monitoring (Order of the acting Minister of Finance..., 2020) were approved, in 2022 – by Order of the Minister of Finance of the Republic of Kazakhstan No. 138 changes were made and additions to Order No. 648 (Order of the Minister of Finance..., 2020).

Horizontal monitoring is “a model of tax administration that allows taxpayers to minimise risks within the framework of tax control and involves providing the tax authority with access to data from accounting systems in exchange for exemption from traditional control measures” (Horizontal Monitoring in Kazakhstan, 2022). The advantages of this model of tax administration will allow taxpayers to automate their interaction with tax authorities, thereby reducing the costs of document management, in specific situations to receive advice on the application of tax legislation and reduce the risk of fines based on the results of audits. About 25 countries successfully applied the concept of horizontal monitoring. In international practice, this effective model of tax administration is carried out in two stages – pre-project work and pilot implementation. In the first stage, preparatory work is carried out on the internal audit system and accounting systems for subsequent horizontal monitoring. The next stage is the pilot implementation itself, with remote access to accounting systems, where the recommendations identified in the previous stage are implemented.

In Kazakhstan, the practice of using other types of audits, such as the auditor's report from the audit of financial statements, in the assessment of the risk of tax violations, is not yet widespread. However, the use of such information can significantly improve the quality of tax control and reduce the burden on taxpayers during tax audits. In particular, the auditor's report can provide an independent assessment of the financial statements, including the correctness of tax calculations and compliance with tax legislation, which can be useful for tax authorities in determining the level of risk of tax violations. Moreover, such reports may provide additional information that can be used to identify potential tax violations and guide the tax audit process more effectively. Therefore, the development of regulations on the use of auditor's reports and other types of audits in tax control is an important direction for improving the tax administration system in Kazakhstan.

Practice shows that conditioned upon automated remote interaction, participation in horizontal monitoring will significantly reduce the costs of tax control support. All controversial issues arising during the pilot monitoring are considered by the commission, which is formed by representatives of the project participants. The great advantage of this project is that it reduces the likelihood of tax disputes being resolved in court, including tax risks and ensures timely receipt of funds to the budget. The project is planned to be implemented in 2023. Its participants will be able to count on trusting relations with the tax authorities, recognition of them as conscientious taxpayers and increase the investment attractiveness of their companies in the market (Horizontal monitoring, 2022). The strategy for the development of this type of monitoring in Kazakhstan is the automation and implementation of standard platforms, automatic reconciliation of tax and accounting documents and the identification of risks through the use of a risk-based approach. Thus, it can be concluded that at the moment the Government of the Republic of Kazakhstan is making efforts to improve tax administration.

5. Conclusions

Based on the analysis results of the experience of using desk audit in the tax practice of other states and the Republic of Kazakhstan, a number of positive examples of changes in the legislative framework of countries to improve tax administration were identified. In a number of countries, in addition to punitive measures for violating tax legislation, incentive measures are also applied, which reduces the number of tax violations. Bona fide taxpayers are provided with additional services: consulting when filling out a tax return, training in filling out a tax return, and the like. However, the application of these methods to improve the tax environment of other states may have difficulties when introduced into the legislative framework of the Republic of Kazakhstan, since the tax legislation of this country is one of the complex aspects of the relationship between business and the state, despite annual additions and changes. The process of researching the practice of using desk control in the Republic of Kazakhstan allowed identify not only “bottlenecks”, but also possible ways to solve these problems. The application of the “principle of reasonableness” to the information requested from the taxpayer would significantly reduce the number of documents processed, thereby reducing the costs of the state to ensure the work of the tax service.

In recent years, a number of measures have been taken that should have a positive effect when introduced into the tax legislation of Kazakhstan. Horizontal monitoring during tax audits was singled out among the most effective measures. The presence of such control measures in the legislation of Kazakhstan could significantly reduce the document flow, thereby lowering government costs for ensuring the work of the desk audit service. The introduction of horizontal monitoring in the tax audit service will reduce the number of fraudulent schemes, which will eventually lead to the timely receipt of payments to the budget and increase the efficiency of public administration in the taxation system. The analysis showed that when forming an effective tax system, it is necessary to respect the interests of not only the state, but also business. So you need to find a balance. On the one hand, it is necessary to reduce the pressure on conscientious taxpayers, on the other – to prevent deliberate violation of tax legislation. The materials of this article, including the conclusions formed on their basis, will be useful to representatives of the desk audit bodies of the Republic of Kazakhstan, whose duties include directly conducting this type of audit.

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