



# **The Ministry of Education of Azerbaijan Republic**

## **Cooperation between Customs and Tax Administrations: In case of Azerbaijan**

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## **Abstract**

Tax and Customs Administrations plays key role in countries. A tax is a payment is paid to the state to support public expenditures. These mandatory payments are demanded by both natural persons and legal persons. The collection of different types of taxes is the form that the state has (as we know it today), to finance itself and obtain resources to perform its functions.

Customs studies aspects related to import, export, taxes and procedures related to the international exchange of goods and institutional customs administrations.

This study focus on the of the both administrations. This investigation emphasize the economic essence of the taxes and customs. This paper shows the principles of taxation, policy of the taxation and customs, how important both administrations in the countries.

The main objective of the thesis is that emphasize the way of to improve cooperation of the Tax and Customs Administrations, focus on the opportunities of the cooperation of both administrations. Determine the beneficial side of cooperation of both administrations.

The present investigation intends to expand the knowledge about the tax and customs system in different countries and its relationship with the customs administrations. Tax and customs control forms and methods of tax in Azerbaijan and foreign countries. Responsibility for tax offenses, their types.

This report is the result of the author's research, who based on professional experience, studies conducted during the race, literature review and field, has reached the conclusions and recommendations described in the research. The ideas, opinions and examination specified in this report.

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# **INTRODUCTION**

## **1.1. Research Purpose and Objectives**

Taxes are contributions established by law that must be made by individuals and companies, so that the State has sufficient resources to provide the public goods and services that the community needs.

Taxes are important because: -the State can obtain the resources to be able to provide education, health, security, justice, public works and support to the most needy, among several other things, you can get more equal opportunities, -it is an act of solidarity to contribute to the welfare of others, -it is a way to participate in the affairs of the community, -They also reflect what we want as a society.

The customs policy, which is the most important component of economic policy, is developed and implemented in accordance with national priorities. It is a system of political, legal, economic and organizational measures ensuring the effective implementation of state regulation of foreign economic activity, protection of the domestic market, stimulation of development and economic restructuring, etc. The most important part of the customs policy is the measures of tariff regulation. The current import tariff is characterized by a high level of duty rates.

The Aim of the course work is the study of the customs and tax structure, customs and tax, customs and tax policy, administrations of the tax and customs in the various countries.

The dynamism of trade has made necessary the participation of external agents as intermediaries between Customs and individuals.

The achievement of this is possible only if the balance of such difficultly compatible goals as supporting domestic producers ; filling the state budget; saturation of the market with necessary goods; non-admission to the market of substandard goods; control over the observance of the legality of foreign economic activity; creating favorable conditions for the export of domestic products; investment promotion, etc.

The objectives of the dissertation were the study of legal, economic and political aspects of state regulation of foreign economic activity by the customs policy, the development of appropriate proposals for its improvement.

The principle of regularity review of tax legislation in common law states is reflected in the systematic change and revision of tax legislation to ensure the effectiveness of tax laws and rules and bringing legal regulations in accordance with changes in legal relations that are subject to tax regulation.

In modern conditions, one of the key tasks of the state's economic policy is the development of tax administration.

In the customs and legal relations, each of the participants pursues his own interests. The customs and tax authority has interests that are predetermined by the state: filling the treasury at the expense of the customs payments charged; protection of state and public security; preservation of economic interests.

### **1.3 Research structure**

The set of institutions involved in the formation and implementation of customs and policy, as well as a set of forms and methods for its implementation, the procedure for the use of customs regulation tools by the competent state bodies form the concept of a customs policy mechanism. The relevance of this topic is due, first of all, to the inevitable cooperation of the countries of the world among

themselves through international trade. Thus, the competent customs policy of the state lies at the heart of its stability and importance on the world stage.

The relevance of the research topic is due to the need to develop a systematic and reasonable approach to tax regulation to ensure the stability and predictability of taxation and improve the quality of legal techniques of tax laws. The quality of legal regulation of the tax system is one of the key indicators of the development of the state and the investment attractiveness of the economy and is of paramount importance both for the state apparatus in need tax sources of replenishment of the budget, and for individual taxpayers whose economic interests are directly dependent on the quality of tax rules and the level of tax burden.

The study of the legal basis of taxation in common law states suggests the formation in them of a special principle of periodicity (regularity) of tax legislation revision, as a result of which the state has the opportunity to make changes in the tax system and adjust tax policy taking into account economic and financial environment at the global and national level.

In the present work an analysis of the intervention of the Customs and Tax Administrations in the different stages of the countries analysis importance of cooperation of them and how beneficial affect working together to companies. A number of common law states, which include, Azerbaijan, Russian and Turkey, are distinguished by a special mechanism for regulating tax relations, which is closely related to the budget process and provides for the possibility of regular review and rapid change of individual elements of taxation.

## **2. TAX ADMINISTRATIONS AND CUSTOMS**

### **2.1. Taxes and importance of taxes for government.**

Tax is a mandatory, individual, indemnity paid to the state budget and local budgets in the form of alienation of cash from the taxpayer's property to finance the state and municipal activities.

Taxes are important. Because if taxes don't exist, government can't meet the demand of their societies. Government collect taxes from people and use it creation of social projects.

Governments imposed money from their citizens -natural and legal people, resident and non-resident, raising revenue of the state and it used to meet the budgetary demand of the state. Budgetary demands of country includes financing projects. It creates business environment in the state encouraging to economic growth. Some of the projects which important to the countries:

Health- without tax government will not able to meet the need of the health sector, it's impossible. Taxes go to provide money health sector such as medical equipment, medical insurance and medical research and so on.

Education- is the most meriting recipients of tax money. Development of human capital and education system play the key role in for the state. Most part of the taxes directed to funding, ensuring and preserving education system.

Governance-Governance is an important component in the straight managing of country matters. Poor governance would have negative effects to the economic growth of country. Good governance provide that collected money is beneficial for the citizens of the state. These taxes goes to police officers, public workers, postal systems and so on.



Separately from public and social projects, governments operate taxes, which collected from citizens to fund sectors, which they are important for beneficence of the citizens of the country such as safety, scientific and academic research, environmental and ecological protection. Some of the taxes forward to provide money projects such as pensions, retirements, profits of the unemployment, childcare and so on. If taxes don't exist in the states it would be infeasible for the state to raise money for providing these types of projects.

Additionally, taxes of the country influence economic growth of the state. Taxes frequently contribute to the GDP of the state. In consequence of this contribution, taxes are subsidiary encourage economic growth of the state that in order exist in there fluctuation effect on the state's economy; for example improving life standards, decrease unemployment rate, increase job creation, increase the amount of employed people. Furthermore, taxation concept is crucial to business and different types of organizations, because government fund the money, which collected from business reverses into the economy again as condition of loans or other funding conditions. For the good business to improve in the country, it must be good for infrastructure such as bridges, roads, tunnels, water supply, sewers, telephones, electrical grids, and telecommunications. Taxes assist to boost the living standard of the country. The high level of living standard led to the powerful and advanced level of the expenditure and consumption. Businesses, companies and organizations develop when in there exist a market for the different types of product and services. Together a high level of living standards, companies, businesses, organizations would be ensured that high level of consumption. Taxes are crucial and each citizen is intend to get profits from the taxes. For this reason, this is very crucial that citizens effort to pay money as taxes and comprehend that the mean of it is more than exclusively a "money catch" from the government.

The subject of the tax is the economic element that has been imposed on it and therefore constitutes the source of the tax directly or indirectly. The economic factors that cause the birth of tax debt are the subject of the tax. The subject of the tax refers to what tax is calculated and received. According to the places where taxes are collected, the tax issue is presented under three headings: Income, wealth and consumptions (or expenditures).

Income: is the gains of a person in return for his or her work. Person's income is the most important indicator of that person's ability to pay tax. A person with a high income has a higher payout power than a low income person. Income is also effective in people's spending and wealth. As income increases, the spending power and wealth of the people is increasing.

Although income is a very important factor in determining the power to pay taxes, it is not possible to tax the entire income. Different types of income sources, differences between individuals and family structures, different types of income, etc. for tax reasons only tax is not sufficient.

Wealth: Wealth is the accumulated portion of the person's income. Wealth is an important indicator in determining the power of tax payment. One of the events that give rise to tax is wealth. Wealth is usually formed in the form of property and property. With this feeling, the unspent revenues are seen as wealth and wealth is also considered as tax issue. In other words, income generated by individuals is taxed as income, while the portion of income that is not spent is taxed as wealth.

Expenditure: Money can be expressed with the economic values of a purpose to be disposed of. It is the part of the income sold to buy various goods and services to meet the needs. On the one hand, spending is taxed as consumption, but it can also turn into wealth at the same time. So a spending can also create wealth. In this case, expenditures are the sources for both consumption and wealth taxes. Taxation of expenditures encourages people to save money. By providing funds to the state, it

ensures that the investment and expenditures are met. Organize income and wealth sharing by contributing to growth. Provides basic services such as health, security and infrastructure services that the government is obliged to provide.

## **2.2. Tax Administrations and Tax Policy**

Tax administration manage and administrate tax execution, conduct and direct tax authorities, implementation of government taxation laws and application of the country related statuses.

The main mission of a tax administration is to collect all tax earnings appropriate in effective and a fair way with restricted costs for taxpayers and the tax administration itself. For this reason, the tax administration must provide that taxpayers follow regulations and sufficient facilities, such as well trained staff, IT, budget).

The implementation and application of tax legislation and enforcement of regulations is the main missions of Tax Administration.

Some activities that is fulfilled by Tax Administration: -identification, recognition and registration of taxpayers, -processing of tax returns -processing of third-party information, -examination of the tax returns correctness, accuracy and completeness of it, -assessment and evaluation of tax obligations, - (compulsory) collection of taxes and providing of services to taxpayers.

The Administrations of Tax manage in community that are quickly modify and must realize raising demands and expanding expectations from their shareholders, with the inclusion of new demands from taxpayers due developed government services. The Administrations of tax has to improve a contemporaneous vision.

Speedy economic improvement and sophisticated expectations on the section of taxpayers build it important for the Administration of Tax to define

again its strategic course. Its relation with taxpayers have to be lay down in a system of rights, responsibility and obligations.

The Administrations of Tax, similar private organizations and other companies, which have a core business. The core business in Tax Administrations is the levying and accumulation of taxes imposed by legislation and law.

It is necessary that The Administrations of Tax found a obvious description of their core business from the beginning and ensure it familiar to their shareholders. The main functions of a The Administrations of Tax include;

- registration of taxpayers, including finding of non-registration and false registration of taxpayers;
- verification or determination of the correctness, accuracy and completeness of obtained information;
- enforce and control debt collection process ;
- using of administrative applications and complaints;
- judgments of service and support to taxpayers;
- procurement and proceedings of tax fraud.

The fundamental accountability and essential responsibility of Tax Administrations is that collect appropriate amount of taxes for the state feasible cost for the society. Furthermore, it is important for the Tax Administrations realize its responsibilities, accountabilities that authority, the highest level of society beliefs in the companies and organizations effectiveness, completeness and equity.

Behaviour and ethical standards of employees govern and it should be as writing. Each employees of the Administration of Taxes must be awarded and trained about the rights and duties of taxpayers. In there must exist provisions about the employees whose actions break out the taxpayers rights and duties. In there also exist remedy or compensation for a wrong or grievance whose rights broken out.

Each taxpayers want to have confidence about their information save private and if any of the officials of Tax Administrations explain wrong information, result of it determined by the law. Each officials of Administrations of Tax is awarded and trained how private information is saved.

Management information system is important for Tax Administrations. It is placed in there and provide essential information due to appropriate decision-making process. Management information system provide ample information thus the Administration of the Tax. For the evaluation of the efficiency and effectiveness of operations it is important that determined the factors.

Important features includes to the modern Administration of the Tax that is set out by the European Commission. These features are following:

- The operations of the Administration of the Tax are managed controlled and evaluated on basis of the action of the management system
- Administration of the Tax is responsible for its operations and actions that discipline to monitor and evaluate of it
- Administration of the Tax provide a formal assurance an adequate stage of autonomy
- Responsibility of Administration of the Tax are obviously translated to purposes, legislation, vision and mission
- Administration of the Tax exist its own structure, formation and forces emit for the successful operations and actions.
- Administration of the Tax makes available for use its resources to fulfill, control and operate the tax system

Main points for the these features: -diminishing the amount of the conformity costs due to the taxpayers; -dependable and credible service provision -competitive payment for the personnel, staff member, employee; -developing of the property, quality and productivity of the services meet the need of the

taxpayers and get to the satisfaction of the taxpayers; -provide the confidentiality of the information that is ensured by the taxpayers and preservation of the privacy; -support of the voluntary conformity and decrease the amount of the illegal actions such as tax evasion; -respecting and spreading of the taxpayers rights; -for the purpose of learning importance of regulation and occupation provide employees and officials with the adequate training programs; -occurrence of the adequate amount of the resources such as financial resources, human and technological resources; -formally consulting or discussing process of the Administration of the Tax planning of the tax legislation; -implementation of the tax laws as equitable, fairly, and clearly; -contradiction of the personnel, staff and employee action of the tax advisory and operation of the private organizations and companies; -improve the knowledge or perception of a situation for the professional communication strategies -effectively operation of the application, returns, demands and interrogatory of taxpayers; -strengthening, promotion and acceptance of staff, personnel and employee particularly on professional and vocational reasons without of political interference; -strictly autarchy in various strategies to monitor the conformity, observance and interpretation of the law.

### **2.3. Importance of Customs for the State**

Customs plays an important role in protecting the economic and commercial interests of countries. Customs administrations should monitor tariffs, pricing and rules of origin. Nevertheless, the customs authorities have to carry out the difficult task of implementing political decisions in the field of trade, usually made by the ministries responsible for trade operations.

The priorities of the customs service that is defined in the developed and current program, were and remain: the implementation of fiscal and law

enforcement functions, the improvement of customs clearance technologies and customs control, ensuring the economic security of the state and the protection of its economic interests.

The rule of customs law is a rule of behavior of participants in customs and legal relations, which regulates their behavior, pointing to the necessary conditions causing the emergence of a legal relationship, determining the subject composition, establishing rights and obligations, as well as sanctions for improper execution of such a rule. In the system of customs legislation, the rule of law is expressed in a normative order, that is, in the text of articles, clauses or other parts of specific normative acts.

Customs law contains mainly regulatory rules defining the rights and obligations of participants in a legal relationship, the conditions for their occurrence and action. Law enforcement standards, i.e., the rules defining the conditions for the application of measures of state-compulsory influence to the subject, the nature and content of these measures, occupy a much smaller place in customs law. In accordance with the methods of legal regulation of social relations, which include permissions, regulations, prohibitions, customs law norms. The main purposes of the customs laws are:

Main purpose is that provide rights to the custom administrations monitor the collection of different types of taxes and duties and various fees for the transit-imported and exported of the different goods. Another purpose is that monitoring and process of regulating of the action, operation and storehouse of the goods and import and export of these goods, Promote the stopping and repression of the cheating, fraud and contraband ,Promoting of the implementation of standards and effective training related to the monitoring of the customs and easing of the trade.

The functions of customs authorities in ensuring economic security can be classified as follows: fiscal, protective, protectionist, control, law enforcement, informational.

The fiscal function is the filling of the revenue part of the budget, including by collecting customs duties, customs duties, and taxes.

Protectionist function. Customs authorities protect domestic producers from foreign competition by charging high rates of import duties, an example is the protection of the car industry.

Control function Customs authorities ensure that participants in foreign economic activities comply with established prohibitions and restrictions; exercise currency control, customs control, control of the protection of intellectual property rights.

The information function is that the customs authorities provide customs statistics to the country's leadership, authorized state bodies.

Law enforcement function. The customs authorities are fighting against crimes in the field of customs and violations of customs regulations. Among the crimes in the field of customs, smuggling is the most dangerous.

Customs security can be defined as the state of protection of national interests of the state, the observance of which is entrusted to customs administrations, which makes it possible in different external and internal conditions, regardless of any threats, to carry out customs business.

Customs authorities provide documentary controls in order to establish the authenticity of documents and the accuracy of their execution, as well as the accuracy of the information contained therein.

Customs authorities are included in the system of state bodies of the country.



Equally important function of customs is to prevent the movement across the country border of smuggled, counterfeit, obsolete technically and morally, as well as goods prohibited for importation.

The most important role in ensuring the economic interests of the state belongs to the customs service, one of the most important elements of the market infrastructure. By participating in the regulation of foreign trade turnover, and carrying out the fiscal function, the customs service regularly replenishes the state budget and thereby contributes to the solution of economic problems.

Means and methods of economic regulation of foreign trade relations. These include: tariff regulation and non-tariff regulation. The customs authorities use legal coercion, sanctions, measures of protection, in accordance with the current legislation, taking advantage of the power to prevent attempts to violate the law.

The purpose of customs control is to verify compliance with the legality of the movement of goods and vehicles across the customs border, as well as compliance with the conditions of the chosen customs regime and business activities in the field of customs. The general legal principles of customs law include the principle of respect for human rights and fundamental freedoms.

Training and institutional development is crucial for a well-functioning customs administration. The customs service mainly needs technical support in order to adapt various tools and apply international best practice. There is an urgent need for guidelines and an action plan to make significant progress in addressing regional integration issues. A reliable information technology system provides significant support for the exchange of information among customs officers. Electronic customs and trade statistics reduce documentation costs and reduce the number of delays in the process of customs clearance of goods. Customs authorities are adopting international best practices by using technology to simplify selection criteria for physical examination, risk analysis and leveling

working time across borders to facilitate trade. In addition, it also contributes to the expansion of international trade and provides an opportunity to correctly respond to specialized statistical queries.

### **3. Cooperation between Tax Administrations and Customs**

#### **3.1 Tax Administrations and Customs relations**

The Customs Administration and the Tax Administration have a long history of cooperation. The current cooperation is developed day to day.

Quickly development of globalization impact to the systems, such as commercial system and financial system, the displacement of industrial production bases as well as the free changing location of goods, also capital and labor, and the advancement of information and technologies of communication (ICT). Although this development is clearly positive, the risk of tax violations and tax evasion has increased; this puts pressure on efforts to assess risks, manage controls and facilitate trade in tax and customs administration. Although customs authorities continue to face the challenges of traditional customs fraud and tariff environment, they are increasingly worried about the funding of funds and the flight from their tax authorities to countries of origin and the flight to taxpayers. Illegal financial flows are linked to money laundering and financing of terrorism.

The knowledge, knowledge and skills needed to increase income, fighting financial crime, and make an easy effective trade are often shared among different authorities or institutions that important for the co-operation of an international approach to mutual cooperation.

Customs authorities and tax authorities may consider the following principles or key points in developing in cooperation and exchange of information:

- Scope of implementation (prescribes duties related to taxes and collection of different customs duties and taxes, and to combat smuggling or any other financial fraud).

- Collaboration (for example, the parties should cooperate to provide information on: suspected activities related to tax evasion related to national tax evasion discovered by the customs authorities during the investigation by the

foreign exchange administrations or cross-border taxation by the tax administration; suspected activities associated with non-payment of customs duties discovered during trafficking investigations or investigations).

-Another type of cooperation (the parties consult with each other in the performance of the tasks which are not part of the Ministry of Interior but which take into account the purposes and conditions set forth herein).

-Method (for example, information exchange upon request of the other party, automatic information exchange, natural information exchange, systematic and methodical exchange of information, access to other authority databases, interconnected, interrelated, interoperable or integrated databases).

-Confidentiality (for example, each party should use the information provided by the other only for income collection and research purposes and should make all reasonable efforts to respect the integrity and privacy of the information received).

-Information (for example, if countries have one or more laws on the right / freedom to obtain information, the parties must adopt specific protocols for disclosure of exchanged information).

-Reciprocity (Reciprocity should be respected as much as possible, and if one of the competent authorities cannot provide an equivalent service, it should not be overloaded with disproportionate demands).

-Governance and resources process (structure of governance, operational procedures and ICT requirements should be clearly defined in terms of resource commitments; for example, a common working group of mid-level experts from both authorities, in addition to discussing and planning common approaches or activities, encouraging closer cooperation and exchange of information, and also determining exactly how to share them).

-Responsible persons (precise identification of interlocutors in each section of the Memorandum of Understanding. For example, customs and tax authorities shall appoint at least two officials to request or request, process and coordinate daily activities).

-Start-up, duration and changes ( validity period if valid, if applicable, and processing of mutually consented changes to address changes in circumstances, difficulties and opportunities).

The information should be changed under the following conditions:

-Party Information exchange upon request of a party: information is provided on request.

-Information Automatic exchange of information: information is regularly provided by an agreement, even if it does not require an agreement.

-Information exchange spontaneously: information considered to be related to the work of the other authority shall be provided on a voluntary basis without any other authority requesting it.

- Systematic information exchange: exchange of regular databases and tax documents, for example: daily, weekly or monthly - according to push-pull mode.

-Authority Access to other authority databases.

-Conn Interconnected- relate or connect to one another / interoperable-exchange and make use of information or integrated databases- combine with another so that they become a whole.

-Policy The results of the analysis of customs and tax data specialized in descriptive and intelligent information to policy makers and managers will be included. This has two aims:

-Quickly identify abnormal behavior and encourage voluntary, positive and appropriate behavior.

It is necessary to increase the existing synergy between the authorities- customs authorities and the tax authorities. Some of these authorities have developed formal agreements for cooperation and exchange of information, such as guidelines / instructions on cooperation and data exchange and / or the Cooperation Agreement, which describe in detail the technical and functional characteristics and technical characteristics cooperation protocols. This applies in particular to countries with two separate administrations or to federal States where the tax system is the responsibility of both the federal State and the constituent states.

In the context of the increased commitment between the customs authorities and the tax authorities, there should also be ways of reducing or simplifying the conflicts between their legal frameworks and further harmonizing them, and the compliance requirements applicable to transactions in countries for the global economic value chains.

In the context of the ongoing commitment of these two administrations- Tax administrations and Customs administrations, it is set out in the Cooperation Agreement between both administrations-and in the Protocol on Information Exchange, as well as in other provisions between the administrations that define their scope and models. Interaction, data sets and information exchange features. Both jurisdictions exchange data for risk analysis. According to the information received, Administration takes decisions and measures within the framework of the risk management system.

Governments cooperate and coordinate their positions in the following areas:

- Legal actions on the use of the Customs Union and the laws of customs, tax, foreign exchange transactions and other legal areas.

- Develop and apply of offers for measures to improve specific areas of the Customs Union legislation, such as the Customs legislation and the fight against customs, tax and stock market infringements.

-Provide conduct control activities against commercial operators on the basis of information exchange and joint inspections of operators.

-Outlining Development of regulations and procedures between administrations to verify commercial operators.

-Resources Development of technologies to integrate data from the parties.

The exchange of information, whether at the national or regional level, in a continuous (programmed) or operational mode (on the request of the other party) is made. Cooperation on information and different types of data also provides mutual approaching to the Parties' databases.

A detailed list of data sets, formats and structures can be found in the different articles of the Agreement and the Protocol. When there is a difference between the data submitted by the taxpayers, or when the results of the verification from other administrations need to be obtained, there are many cases where the administrations are required to exchange data. Administrations are subject to binding obligations under the Agreement.

### **3.2 Enforcing Relation between Tax Administrations and Customs**

Customs and tax authorities both of them should consider the possibility of coordinating or joint activities to identify and prevent income and tax evasion, as well as strengthening commercial fraud, tax evasion and the fight against transnational crime.

In addition, governments use different taxes as a disincentive for harmful items or activities for instance consumption of alcohol, smoking and so on. To get this one, government apply high excise degree on these types of products, increase the cost of these products, and discourage people who bought, used and sold these.

In addition, the customs service is also an active partner in strengthening regional trade. With the proliferation of numerous regional blocs around the world, customs play a key role in supporting regional trade integration. Customs administrations are involved in work aimed at the introduction of unified tariffs, rules of origin, harmonized procedures and legislation.

While the exchange of information between the customs authorities and the tax authorities is based on local circumstances, some general considerations are worth remembering. A legal basis is absolutely necessary, but it will guarantee sufficient exchange of information if both sides are engaged to interact with each other and provide mutual support.

Field co-operation and exchange of information, for example, depend on mutual commitment factors:

- Creation of a common framework due to the legislation.
- Concretion of information systems and harmonization of data changes.
- Update the results of laws, various trends and analyzes on threats and risk situations.
- Common work of experts in charge of mutual inspection, operation, verification and investigation.
- Risk analysis

In Strengthening the economic security of the country all government agencies take part, this is one of their constitutional functions. The competence of the customs authorities includes such issues of economic security as the fight against smuggling, illegal currency transactions, violations of customs rules. Documentary control at the time of customs clearance of imported food products is one of the main areas of work of the customs authorities. All commodity lots of food products are checked by customs authorities for compliance with their documents, which confirm their veterinary, sanitary-epidemiological and



phytosanitary safety, as well as compliance with their quality and safety requirements, which are established by technical regulations or national standards. Both authorities are exchanging experts for mutual inspection, operation, verification and investigation. Administrations share banking information to recover debts and debts in the payment of debts and tax payments. In addition to the incentives received, they monitor the legitimacy of rights in respect of taxes and duties.

It is essential that the import or export activities cooperate to ensure that the tax authorities and the customs authorities do not conflict with the legislative bodies as a company can greatly affect their tax obligations in relation to direct and indirect taxes. The objectives of the legislation in related fields. Mutual cooperation between the two authorities will have a strong deterrent effect on potential fraudsters while creating a more efficient and flexible environment for taxpayers.

In particular, to exchange information between tax and customs authorities on the purchases and sale prices of the goods can positively impact on the implementing control measures not only on the importing and exporting operations but also on the trade operation in the inner market.

It is undeniable that to establish unified mechanism between two authorities creates additional possibilities to identify irregularities in the given information. Today, in order to implement innovation projects, the cooperation is marked as a high necessity. For example, in the project called “Green corridor” gating system exchanging information on data of warehouses take an important place. Moreover, implement Risk Management Systems in both authorities for identifying, measuring, monitoring and controlling of risks to which they may be exposed.

The purpose of the Green Corridor is to provide a more flexible and transparent implementation of customs clearance and clearance based on customs

audits by creating more favorable conditions for foreign trade participants, improving the effectiveness of state regulation mechanisms, forming a voluntary compliance culture, to minimize the country's export potential, to develop official-entrepreneur relations in line with the principles of modern management and to provide more optimal utilization of existing resources.

To sum up, the outstanding benefits of such cooperation is improving general risk management system, pre-controlling of export-import operations, environmental improvements for businesses and trade facilitation, simplifying procedures between users and administrations and effective fight against financial and tax crimes.

The role of Tax and Customs administrations has a significant role for any country. Tax policy regulates the country's economy. In particular, as a result of the Customs policy, import and export operations are regulated in the country. And for any country, tax evasion, smuggling, etc. Their joint work is important to prevent activities. Their joint work is mainly through information exchange, and confidentiality is essential. However, the creation of an online system to avoid delays is more appropriate, and this simplifies the joint work of both administrations.

### **3.3 Opportunities and Benefits of Relation between Tax and Customs Administrations**

The general advantages of improving cooperation between the customs authorities and the tax authorities should be emphasized. These benefits require financial benefits and efficiency improvements, including the efficient collection of legally owned rights and taxes as a result of such co-operation and a coordinated approach between information exchange and both. Competent authorities, taking advantage of the synergies existing between them. Cross-border commercial

procedures will be more predictable and less burdensome to encourage economic and cross-border development for commercial operators if the cooperation works well and exchange of information is effective between both authorities. This could also strengthen the ability to identify a set of financial offenses and to provide access to an additional source of information that could be used to ensure compliance with tax obligations, and to identify a possible incompatibility in providing the missing link in the information chain.

Mutual cooperation between the two authorities will have a strong deterrent effect on potential fraudsters while creating a more efficient and flexible environment for taxpayers. Other outstanding benefits: general risk management and / or pre-control; environmental improvements for businesses and trade facilitation; simplifying procedures between users and administrations; effective fight against financial and tax crimes. In particular, the data on the purchase and sale of the import and export customs authorities and tax authorities can be exchanged and compared; this makes it possible to identify irregularities, including those that are notified to either notified or misrepresented authority.

It is useful for the customs administration to determine the value in the customs, it has access to information on the payment procedures of both tax authorities.

Tax authorities' information on trading by commercial operators will not necessarily lead to customs procedures to determine tax evasion in respect of customs duties and taxes, but may be a reference for more precise guidance. possible investigations. It is also important to note that the likelihood of an operator not complying with his tax obligations is too high to comply with his customs obligations and vice versa.

Administrations of Customs are already at different levels of exchange of information with the tax authorities. Information exchange on the basis of some

status information. Others have developed a formal mechanism for regular exchange of information after the adoption of legal or administrative agreements. Cooperation of the tax authorities and customs authorities is frequently influenced by political factors and the existing government structure.

Such cooperation and exchange of information should be carried out in a sound and sustainable framework with mutual agreement without losing national characteristics, political and governmental structure and the operational environment of the country.

Open communication and continuous connections are the two basic conditions for customs authorities and tax authorities to understand and create complementarity. Customs should investigate its various strategies, develop structures, monitor the processes and means of communication to better cooperate in the treatment of serious crimes such as tax evasion, transnational organized crime and money laundering.

Political will and commitment of leaders: It is essential to keep the political will at the highest level, as customs and tax authorities allow such motivations to act in accordance with internal and external motivations as well as to transfer them to effective practical cooperation.

Legal framework: Legislative tools and guarantees should be developed to allow the exchange of data or information in accordance with the objectives set. A legal framework should clearly define and permit the exchange of data or information between the customs authorities and the tax authorities. It should also guarantee the confidentiality of the information exchanged or limit its use to accepted requirements.

Governance procedures and resources: in addition to having the necessary resources, a governance procedure should be implemented which develops detailed cooperation mechanisms and determines the contact channels.

Each authority should be in a position to identify information that may be of interest to the other and the possible risks to it.

Privacy and data protection: privacy and data protection must be provided with legal guarantees. Data is shared should be used in good faith in accordance with the agreed objectives and should not be disclosed or used for unauthorized third parties in accordance with administrative and legal requirements.

Tax authorities and customs authorities-both of them should promote a culture of data confidentiality within their organization. With administrative measures such as specific surveillance, response to particular events, tests and inspections, controls should be provided to allow appropriate access and to prohibit inappropriate access.

Information technology: information may be changed in different ways, for example by paper documents; However, given the increased volume of data, customs and tax authorities should be able to send, receive, protect and store data or information electronically.

Data analysis capacity: the simple fact of having large data through data exchange, due to the volume of information, direct or other authority. Any mechanism for information exchange should be accompanied by a large capacity for data analysis. Analytical techniques will record a record of compliance or breach of legal obligations, gaps, risks, and procedures.

Information and system security management: the maintenance, security and confidentiality of information security. Provides guidance on organizational standards for information security; it also provides best practices for managing information security, including selection, implementation and management of controls, taking into account the organization's risk environment. information security.

Different types of data and documents, for example: -Import / export and customs data on travelers' foreign exchange declarations;-Information on tax returns (buy / sell), transfer prices / customs valuation;-Information on indirect national taxes (excise duties, VAT) on imported products; -Evaluation / research / audit reports; -Data on criminals, taxpayers' debts and information on vehicle companies; -Law Information / data on compliance with the law (tax evasion / money laundering, smuggling, drug trafficking, monetary offenses, illegal payments, other offenses).

Information legally transmitted by the customs and external tax authorities. Trusted Information on reliable commercial operators / authorized economic operators.

The customs and tax activities carried out jointly can be common profile or common risk analysis to identify potential risk areas.

In order to promote co-operation in joint activities, it is appropriate to conduct periodic meetings in which representatives of both authorities exchange, process and analyze information to take operational decisions, identify potential economic operators at risk and plan controls, inquiry, examination and audits. required sets for verification later.

The information collected during the common activities should be sent to the competent authority with a report for later evaluation and revision in accordance with the relevant legislation. Where possible and suited authorities should share the results of joint activities. This will allow, among other things, to plan and carry out other common activities in the future.

## **4. Cooperation between Tax and Customs in various countries**

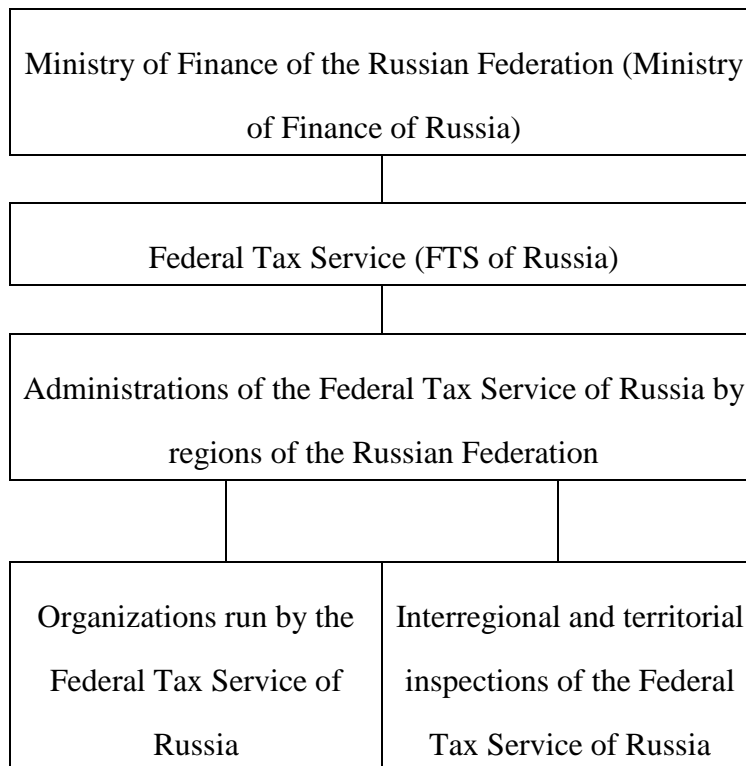
### **4.1 Administrations of Tax in various countries**

#### **4.1.1 Administrations of Tax in case of Russian**

An important role in ensuring the effective functioning of the tax system of the Russian Federation is assigned to tax authorities, which, in accordance with current legislation, include the Ministry of Finance of the Russian Federation and the Federal Tax Service, including its structural divisions throughout the state.

The system of tax authorities in the Russian Federation is built in accordance with the administrative and national-territorial division adopted in the Russian Federation, and consists of three links. Each level of the system and its components have their own functions and specifics.

**The structure of the tax authorities is presented in the diagram**



The central tax authority in the Russian Federation is the Federal Tax Service of Russia.

The main functions assigned to the Federal Tax Service of Russia for control and supervision are: -for compliance with the legislation of the Russian Federation on taxes and fees; -for the correctness of calculation, completeness, timeliness of making taxes and fees and other obligatory payments to the appropriate budget; - for the production and circulation of ethyl alcohol, alcohol-containing, alcoholic and tobacco products; -compliance with currency legislation within the competence of tax authorities; -for informing taxpayers on tax legislation and clarifying the tax system.

The Federal Tax Service of Russia is under the jurisdiction of the Ministry of Finance of Russia.

The Federal Tax Service of Russia is guided in its activities by the Constitution of the Russian Federation, federal constitutional laws, federal laws, acts of the President of the Russian Federation and the Government of the Russian Federation, international treaties of the Russian Federation, normative legal acts of the Ministry of Finance of Russia, as well as the Regulation on the Federal Tax Service of Russia.

The Federal Tax Service of Russia conducts business directly and through its territorial bodies in cooperation with other federal executive bodies, executive bodies of constituent entities of the Russian Federation, local governments and state extra-budgetary funds, public associations and other organizations.

The Federal Tax Service of Russia is headed by a head appointed to and dismissed by the Government of the Russian Federation on the proposal of the Minister of Finance.

The structure of tax authorities is approved by order of the Federal Tax Service of Russia. Each tax authority is an independent legal entity.



At the interregional level, there are also seven interregional inspectorates for the largest taxpayers in the following areas: 1) exploration, production, processing, transportation and sales of oil and oil products; 2) exploration, production, processing, transportation and sale of natural gas; 3) production and turnover of ethyl alcohol from all types of raw materials, alcoholic, alcohol-containing and tobacco products; 4) electric power industry, including production, transmission, 5) Distribution and sale of electrical and thermal energy; 5) production and sales of metallurgical industry products; 6) the provision of transport services; 7) provision of communication services.

The rights of tax authorities in accordance to the Tax Code:

- to require from the taxpayer documents in the forms established by state bodies and local self-government bodies that serve as grounds for calculating and paying taxes, as well as explanations and documents confirming the correctness of calculation and timeliness of tax payment (this right is exercised during tax control; description of the forms and methods of tax control));

- conduct tax audits in the manner prescribed by the Tax Code of the Russian Federation (checks can be cameral and field);

- suspend operations on the accounts of taxpayers in banks and seize taxpayers' property in accordance with the procedure established by the RF Tax Code ;

- to seize documents when conducting tax audits with the taxpayer, testifying to the commission of tax offenses;

- inspect (examine) any production, storage, commercial and other premises and territories related to the maintenance of objects of taxation, regardless of their location, used by the taxpayer, conduct an inventory of the property owned by the taxpayer;

-determine the tax amounts to be paid by taxpayers to the budget by calculation based on the available information on the taxpayer, as well as data on other similar taxpayers production, warehouse, trade and other premises and territories used by the taxpayer to derive income or related to the maintenance of tax Proposition;

-to demand from the banks documents confirming the execution of payment orders of taxpayers;

-to involve specialists, experts and translators for tax control;

-file lawsuits in courts of general jurisdiction or arbitration courts on issues related to taxation;

-to comply with the legislation on taxes and fees - the main duty of the tax authorities and their officials;

-monitor compliance with legislation on taxes and fees, as well as laws and regulations adopted in accordance with it;

-carry out explanatory work on the application of tax legislation and other legislative and regulatory acts, free of charge inform taxpayers about applicable taxes and fees, submit established reporting forms and explain how to fill them out, give explanations about the procedure for calculating and paying taxes and fees;

-refund or set-off overpaid or overcharged taxes, penalties and fines;

-comply with tax secrets that the tax authority is obliged to store and not disclose information about the taxpayer - its founders, place of residence, location, its sales turnover, etc.

#### **4.1.2 Administrations of Tax in case of Turkey**

Tax is an economic value that is compulsorily taken from the revenues, wealth and spending of individuals' and institutions' for meeting any public needs by the State. Tax review process investigates the accuracy of the tax paid by

declaration and is effective in the prevention of any tax evasions. In addition, tax review plays a role to develop tax compliance for the individuals by ensuring equality and justice. For this purpose, the state of the tax review system is established by a survey between the parties of the tax review process and the opinions and recommendations of tax review parties were received.

Considering the existence of a control and control mechanism in all areas of life, it is impossible for the government to control and control the tax revenues, which are the largest source of income of the public. In Turkey, taxation is based on a system based on declaration. Accordingly, the tax base is calculated on the basis of the tax base declared by the taxpayer. An uncontrolled tax system; The unfair distribution of the tax burden, as well as creating social problems such as disrupting justice and equality in taxation, will lead to the deterioration of the economic balance by increasing public deficits as a result of the inability to obtain tax revenues from public revenues.

Governments get taxes from different types of individuals, businesses, organizations for covering purposes different types of expenditures such as operational expenses and different financial projects. The rule of law, all states to establish a law order to establish and improve the justice of all the state bodies.

In addition Tax - meeting the public expenditures, they have financial, economic and social objectives. All the rules that advocate the best extent of the tax purposes are called taxation principles.

Indirect taxes, such as value added tax (VAT), special consumption tax (CTV), tax on banking and insurance transactions or stamp duty.

Welfare taxes, such as property tax or inheritance tax and gift tax.

In Turkey, income taxes are levied on income received both domestically and abroad by individuals and corporations that are residents of Turkey. Non-residents who receive income in Turkey through employment, property ownership,

engaged in income-generating business are also subject to taxation, but only from income received in Turkey.

The obligation to pay taxes by individuals is related: to income related to trading or business activities conducted on an ongoing basis, to wages received for work performed in Turkey, to income related to leasing real estate in Turkey, to the percentage of the received Turkey's income and income from the sale of patents, copyrights and other various intangible assets.

The tax is levied on employees. There is also an additional tax of 10 percent. For the purpose of taxation, companies are grouped both into joint stock companies and limited liability companies, and into personal companies (limited partnerships and simple partnerships). Corporate tax is levied on the above companies. State-owned enterprises and organizations under the jurisdiction of local authorities are also payers of corporate tax.

Whether the company is subject to full or limited tax payment depends on whether the company is a resident of Turkey or not.

The company, whose permanent residence or location of the administration is established in Turkey (the company - resident), will have a full duty to pay the tax; in this case, the tax is levied on profits received both domestically and abroad. If a non-resident company conducts its business through its branch or joint venture, it will have limited tax obligations; those. will be subject to taxation on income received for a certain year in Turkey.

If the company is not present in Turkey, tax withholding will occur from the income received; for example, for services rendered in Turkey. However, if there is an agreement on the avoidance of double taxation with respect to taxes on income, then reduced tax rates may apply.

For resident companies, tax is levied on income received both domestically and abroad, but a loan is granted to pay taxes on income earned abroad.

In accordance with the Commercial Code of Turkey, Turkish companies are required to form the first and second level of legal reserves from the revenues received. This duty does not apply to company offices.

As a rule, corporate income tax is calculated on the basis of a calendar year. However, companies can establish any 12-month fiscal period convenient for running their business, which must be approved by the Ministry of Finance of Turkey.

Taxation of international transactions-With the expansion of foreign economic activity of individuals and legal entities registered in Turkey, control over their activities from the point of view of taxation becomes more and more complicated. The biggest problem that arose in connection with the expansion of Turkey's participation in world economic relations is the problem of double taxation.

In Turkey, there is a strict control over the activities of foreign companies. The legislation on the protection of the Turkish lira requires foreign investors in Turkey to constantly inform the authorities about their commercial, financial activities, the acquisition of property, purchases, sales, etc.

Representatives of foreign persons in Turkey who reside abroad and are taxpayers under Turkish law are fully responsible for these persons in tax terms to the authorities. The absence of these persons in Turkey does not relieve their representatives in the country from tax arrears.

Indirect taxes-Value Added Tax (VAT)- The payment of such VAT does not create a tax burden for Turkish companies and non-resident companies. VAT collected: -Petroleum products, natural gas, lubricating oil, solvents and derivatives -Cars and other vehicles, motorcycles, airplanes, helicopters, yachts -Tobacco and tobacco products, alcoholic beverages -Luxury products (luxury items)

Stamp duty-Stamp duty applies to a wide range of documents, including contracts, agreements, promissory notes, letters of credit, letters of guarantee, financial statements, questionnaires, etc. The stamp duty will be calculated at a single established rate.

Tax on income from property rental-Turkish law provides for taxation for individuals, depending on the amount of profits.

Municipalities are allowed to collect environmental tax as a contribution to finance the provision of certain services, such as garbage collection.

The main principles of taxation today; generality, justice, equality, legality, certainty, openness, efficiency, conformity. Although the principles of taxation have different characteristics, each principle is closely linked.

The principle of justice in taxation; It expresses the socially appropriate and acceptable distribution of tax burden. In a system of justice, taxation should be made according to the financial situation of people, and less tax than the lesser income should be paid more than the income.

The principle of equality in taxation; the taxpayers are taxed by taking into account their taxpayers. An equal amount of tax should be collected from the taxpayers who have equal economic power. Another principle of taxation is the principle of legality in taxation. Taxpayers must pay the taxes to be paid when they are responsible, who is responsible for the taxes.

In the Turkish Tax System, different taxes are collected from different income groups. However, this situation does not provide sufficient tax justice and equality in society. Therefore, tax evasion or tax evasion tend to occur from time to time in taxpayers. In case of not taking the necessary measures, these tendencies become widespread in the society and cause the state to lose income. In this context, tax audit is a module which is not possible to allocate tax models based on notification, as if it is a guarantee of these models.

#### **4.1.3 Administrations of Tax in case of Azerbaijan**

The tax system of the Republic of Azerbaijan ensures the functioning of the production mechanism of the country, allows you to finance the urgent needs of the state, limits the growth of the budget deficit, meets all the requirements of a market economy.

Currently, the main objectives of the tax system, which is based on market elements, are as follows:

- ensuring the mobilization of all state revenues to the budget, otherwise it would be impossible for the state to carry out its social and economic programs;
- creation of conditions for regulation of both production and consumption of agriculture and its various spheres, taking into account the characteristics of the formation and redistribution of incomes of different segments of the population.

As already noted, the modern tax system in its formation faced a number of problems. Firstly, it was based on the conditions of weak development of tax relations between individuals. Secondly, the unsatisfactory attitude of production entities in relation to taxes required the creation of serious accounting units. Fourth, there were almost no scientific schools and tax practices in the country. The following characteristic elements are characteristic of the modern tax system of the Republic of Azerbaijan:

- is based not on separate legislative acts, but on a legal basis, that is, it covers all financial relations regarding the redistribution of one part of social production;
- tax authorities conduct an operational audit of tax revenues;
- an objective sharing of the tax burden between individual taxpayers is provided;
- the study of the experience of foreign countries allows entry into international integration processes;
- The modern tax system of the Republic of Azerbaijan was

formed on the classical principles of taxation, taking into account the principles prepared by foreign countries.

According to the Tax Code of the Republic of Azerbaijan, the country's tax system is based on the following principles:

1) tax legislation is based on universality, equality and fairness of taxation; 2) taxes must have a business case; 3) no one can be forced to pay more than once a tax of one type from the profit (income) received; 4) taxes can not be discriminatory in nature and be established on the basis of political, ideological, ethnic, religious and other existing differences between taxpayers; 5) it is prohibited to establish differentiated tax rates depending on the form of ownership or citizenship of individuals or the place of origin of capital; 6) taxes of the Republic of Azerbaijan are established exclusively by this Code, their change or cancellation is carried out by amending this Code; 7) no one may be obliged to pay taxes that have the signs of taxes established by this Code and are not established by this Code or established by other rules than it is defined by this Code.

Taxes that make up the tax system of the Republic of Azerbaijan can be divided into 3 main groups: tax on profits (income), tax on property, tax on goods and services.

The objects of income tax are profits of legal entities, credit and insurance companies, branches of legal entities, and permanent representative offices of non-residents.

Property taxes and land tax can be attributed to property taxes. Property tax is paid by legal entities and individuals. Legal entities pay this tax to the state budget, and individuals to local budgets. The object of taxation of legal entities are fixed assets in the balance sheet of the enterprise, motor vehicles and the value of



other assets. The property tax on individuals is calculated on the basis of the cost of transport and fixed assets owned by them.

According to the Tax Code, land tax payers are individuals and legal entities that own land plots in the ownership or use in the territory of the Republic of Azerbaijan. The rate of land tax on agricultural land is set at 0.06 manat per 1 conditional point. But when calculating land tax takes into account its purpose, geographical location and quality.

Taxes on goods and services provided include VAT, excise, field tax, road tax, customs duties and payments.

The excise tax is subject to operations for the production of alcoholic beverages, tobacco products, petroleum products, automobiles, as well as operations for the import or sale of floating equipment intended for sport or entertainment. These taxes also take place in the sales prices of goods such as VAT.

The objects of taxation are minerals that are extracted from the subsoil in the territory of the Republic of Azerbaijan, including the sector of the Caspian Sea (lake) belonging to the Republic of Azerbaijan.

The object of taxation of road tax are vehicles of foreign countries entering the territory of the Republic of Azerbaijan, as well as those owned or used by persons on the territory of the Republic of Azerbaijan.

The process of state regulation of the tax system of Azerbaijan should be closely linked to the economic situation of enterprises that are in the real sector of the economy. The thing is that to a certain extent, the process of increasing the number of enterprises in the field of industry, where there is a decrease in the level of profitability, is intensifying, and the bankruptcy process is also accelerating,

openly or hidden. In this situation, for entrepreneurs, business people, it is necessary to create tax conditions that will not allow their capital to enter the shadow economy, since the process of legalizing such capital is extremely complicated.

Currently, the development of the regions of Azerbaijan causes some concern. Most of the economic potential of the republic is concentrated in Baku and partly in its vicinity. In terms of reviving the regional economy and attracting foreign investors, the tax system is more sensitive.

In my opinion, to stimulate the activities of foreign firms and enterprises in the regions, including business people from Azerbaijan, it is necessary to create sufficiently favorable tax conditions (up to exemption from taxes), and at the same time create conditions for taxes withheld in these territories, went to local budgets.

Despite the fact that in recent years the tax authorities and carried out some tough measures, but they could not solve all the problems of tax collection. Today, Azerbaijan needs a simpler to control, cheap to use, contributing to an increase in revenues for the rational construction of businesses and enterprises – tax system. I would also like to emphasize that it would be very important to take into account certain tax regimes that create conditions for the development or revival of certain industries.

## **4.2 Customs Administrations in different countries**

### **4.1.1 Administrations of Customs in case of Russian**

Customs Administrations-The main duty of the customs authorities is to control the payment of taxes when moving goods across the customs border of the

Russian Federation. In addition, they perform a number of functions of the tax authorities.

Customs authorities levy taxes in accordance with customs legislation and other federal laws, as well as subject to the provisions of the Tax Code of the Russian Federation. At the same time, the Customs and Tax Codes of the Russian Federation differ significantly, including with regard to the areas of tax collection (customs duty, value added tax, excise taxes), powers, procedures, records management, decision-making, etc.

However, customs officials perform all the duties of tax officials, as well as other duties provided for by customs legislation.

The customs service makes a huge contribution to the development of the state economy. Facilitating foreign trade, ensuring economic security, protecting the domestic market, replenishing the federal budget - this is not the whole list of the most important tasks with which you successfully cope.

The daily work of customs officers is subject to one goal - the protection of the national interests of Russia. The fight against the smuggling of weapons and drugs, with the illegal export of cultural property from the country, the suppression of any crimes and offenses is one of the priorities of the customs authorities. Realization of these tasks requires considerable efforts, professional knowledge, and creative approach.

The attribution of the principle under investigation to the sectoral one shows the characteristic features of customs law, which are expressed both in the presence of both public and private interests, and in the desire of the state to achieve a certain compromise between them. In customs law, the public interest is expressed by the customs authorities authorized by the state, and the private interests are the following range of subjects: 1) to individuals who move goods across the customs border for personal use; 2) subjects of foreign trade activities, namely

organizations and individual entrepreneurs, moving goods and vehicles across the customs border for industrial and commercial activities; 3) Persons carrying out activities in the field of customs; 4) to persons serving the customs turnover of goods,

Interest in customs law is understood as the right protected and realized by the subject of customs relations the need to satisfy the need for the implementation of activities related to the movement of goods and vehicles across the customs border. A classification of interests in customs law is proposed. Public interests include: the formation of the revenue part of the federal budget; fight against violations of customs legislation; enforcement of prohibitions and restrictions on the movement of goods across the customs border. Private interests include: a reduction in the tax and duty base for customs duties; minimization of customs value; the removal of barriers to trade routes. Highlighted the interests inherent in both the state and private actors. These are: the acceleration of international trade; simplification and unification of customs procedures; reduction of time for customs clearance and customs control.

In order to establish the fundamental role of the customs and legal policy in shaping the balance of interests of the subjects of customs relations, its definition was formulated. The main goal of the customs and legal policy is consistent, systematic, predictable government regulation of relations for the movement of goods and vehicles across the customs border. This goal, according to the author, can be achieved provided that the opinions of the subjects of foreign trade and other persons transporting goods across the customs border are taken into account.

#### **4.1.2 Administrations of Customs in case of Turkey**

Customs Administrations play the vital role in each country. In there discussed customs policy in Turkey.

The most important role in ensuring the economic interests of the state belongs to the customs service, one of the most important elements of the market infrastructure. By participating in the regulation of foreign trade turnover, and carrying out the fiscal function, the customs service regularly replenishes the state budget and thereby contributes to the solution of economic problems.

The customs authorities are vested with state governmental powers and are designed to protect the economic interests of our country. One of the main functions of the customs authorities is the implementation and improvement of customs control. During the control, customs officers verify the legality of the movement of goods and vehicles across the border, verify compliance with the terms of use and disposal of goods located in the customs territory under customs control, and also carry out an inspection of customs activities. Customs authorities monitor the safety of food products entering the consumer market of our country from foreign manufacturers.

The Ministry are responsible for the activities of the Ministry under the order of the Ministry and the public is responsible for the following:

- to administer the Ministry in accordance with the Constitution, laws, the government program and the policies and strategies attached to it by the Council of Ministers.

- To develop policies and strategies on the subjects related to the field of work, to prepare them in accordance with them, and to prepare them. monitor and evaluate.

- To supervise the activities of the Ministry and to supervise the operations of the Ministry;

Other ministries in the field of activity- to cooperate with the public institutions and organizations.

The purpose of this Act, entering the Customs Territory of the Republic of Turkey and will be applied to the goods and vehicles to determine the customs rules.

- Helping and discovering Customs policy; To ensure and improve the control of customs services in a way that is effective, efficient and efficient.

- To assist in the determination of the main objectives and policies related to trade services;

- To ensure that the activities, contacts and regulations of the other institutions and organizations are in compliance with the general trade policy; to ensure the coordination and efficiency of such activities, contacts and arrangements in association with the relevant institutions and organizations.

Customs Law, to be able to make and implement other regulations and international regulations related to foreign exchange operations.

- Preparation of the Customs tariff; to collect, monitor and control taxes, funds and other financial burdens which are required to be collected by administrations with customs taxes; postponed control and post-check services; to disseminate the processes related to consensus within the conflict; To produce, collect, evaluate and monitor the statistical information related to customs.

- Allowing, operating, controlling and supervising the storage places, warehouses, disposal depots, stores and sales departments; According to the management of the liquidation of the liquidation i5lem of the liquidation process.

- Land and railway gates with customs air and sea ports;

- To provide coordination in customs places and areas and to take measures to prevent the corruption of public sector.

- to ensure that the subject matter of trade is in conformity with the safe, legislation and standards; to monitor and control the indicator market outside the objective of these institutions and to ensure the necessary coordination.

-chambers of commerce, chambers of industry, commerce and industry, maritime chambers of commerce, trade exchanges, Turkey Chambers and Stock Exchanges Union, trades and sanat<sup>3</sup> profession organizations belonging services to other related ministries.

- To take legal and administrative measures to protect and protect the rights and to protect, to conduct investigations and arrangements.

-Developing strategies, developing strategies, monitoring and evaluating end-of-life strategies and policies related to common cooperatives and cooperatives with the relevant institutions.

-To supervise the services related to companies, cooperatives and trade registry offices, and tradesmen and art registers.

- To carry out other duties and services given to the Ministry by legislation. The Ministry shall be composed of the headquarters, headquarters and international authorities.

All persons may appoint a representative for their work in the customs administration in order to carry out the savings and transactions envisaged by customs legislation.

The person who declares that he is acting on behalf of or in the name of another person, although not declaring that he is acting on behalf or account of another person, is considered to be acting on his own behalf and on his own behalf. At the present stage of the socio-economic development of Turkey, customs policy, which is commonly understood as a system of measures to regulate the movement of material values and individuals across the customs border, plays an increasingly important role. In addition, the dynamic economic growth in the neighboring countries is a transit state, north and south, and in this regard, customs officers bear the age burden on ensuring national security.

In assessing the importance of customs policy in the socio-economic context of the development of the Turkey state, often the focus is on fiscal aspects, i.e. absolute and relative amounts of customs payments. This approach, as a rule, proceeds from the desire to justify the critical importance of the customs authorities in ensuring the revenue side of the budget.

In this regard, a more appropriate approach seems to be that, when assessing the importance of customs policy, it considers not so much the fiscal aspects as the role in ensuring national security, both economically and socially. In other words, customs policy is important mainly as a tool to protect national interests, regardless of whether they are foreign trade, or the movement of citizens, or law enforcement. According to some authoritative expert assessments, the customs service in personnel and technical terms is fully prepared to ensure the implementation of the complex tasks assigned to it, whereas an assessment of its effectiveness, based only on the amount of monetary receipts in the budget, is incorrect and may affect professional motivation of customs officers.

#### **4.1.3 Administrations of Customs in case of Azerbaijan**

The Republic of Azerbaijan's system of customs law sources is based on Azerbaijan's Customs Code.

At the importer's proposal and with the permission of the customs, the signature required of goods may be made at the departure customs office in the manner administered by the regulatory acts of the State Customs Committee of the Republic of Azerbaijan, with full payment of all customs duties due. In this case, visa application fees will be prosecuted in the normal amount and no account will be taken of the amounts deposited by customs.



Azerbaijan's central government executive, directly managing the customs business, is the Republic of Azerbaijan's State Customs Committee, which is within its limits.

It can be concluded from the review of the aforementioned articles that Azerbaijan's system of sources of customs law consists of regulatory legal acts of state authorities, including:

1) constitutional standards which are rules of direct action and perpetuate the immediate precepts and fundamental customs principles of the Republic of Azerbaijan ;

2) State laws (laws, codes, etc.) calculated for a long period of validity or otherwise regulating customs public relations ;

(3) the provisions of current customs acts approved by the President of the Republic of Azerbaijan, the Cabinet of Ministers of the Republic of Azerbaijan, the State Customs Committee of the Republic of Azerbaijan and combined acts of other ministries and departments ;

4) standards of international customs law agreements (agreements, conventions, etc.) to which Azerbaijan is a party.

Consider a number of major customs law sources. Azerbaijan's customs law source system includes laws regulating customs legal relations.

These include laws in which the obligations of state bodies, companies, institutions, organizations are set, irrespective of the form of ownership, officials' legal relationships, and also formulated liability measures for their violation.

The core of these laws is the Customs Code of Azerbaijan, which determines the fundamental principles of customs in the Republic of Azerbaijan and aims at protecting economic sovereignty and economic security, exacerbating the Azerbaijani economy's relations with the world economy, making sure the protection of citizens' rights, economic entities, state bodies and the customs field.

Azerbaijan's Customs Code is an exhaustive regulatory act providing for a clear mechanism for introducing the standards contained therein, and necessitates the legal basis for foreign economic activity and customs organization in Azerbaijan, which truly combines domestic law with international practice.

Regulation of tariffs and non-tariffs, cultural values, intellectual property, etc., characterized in the following edition:

- \* Tariff regulation — applying tariff rules, including setting lowest and highest sizes of the customs value of goods, the quantity of duties payable to customs authorities, defining the country of origin of goods, granting tariffs and preferences to goods trying to transfer goods and trying to deprive them of tariff benefits and priorities;

- \* Non-tariff regulation — restrictions and limitations on imports into the AR and exports of goods and equipment established in the AR legislation, including quota system, licensing, certification as well as other foreign trade legislation;

- \* Cultural values — artworks, fragments of architectural, historical and archeological culture of Azerbaijani and foreign peoples and other goods subject to the rules of the Republic of Azerbaijan governing the export and import of cultural property across the customs frontier ;

- \* Intellectual Property — the exclusive legal protections of a citizen or legal entity to the effects of intellectual activity and the comparable means of individualization of a legal entity, individualization of products, mileage reimbursement and services (brand name, mark, service mark) topic to protection in accordance with Azerbaijani laws.

It should be indicated that Azerbaijan's Customs Code, which at the current stage of its development is the legal basis of customs in Azerbaijan, has been compelled at a quite high legal level. Work has been actively pursued on international legal support for customs regulations.

From everyday practice it is clear that the presence of various normative legal acts exacerbating foreign trade did not prevent the country's currency leakage, the assertion of economically unprofitable contracts, and customs violations.

Frequent changes in customs process technology do not provide a stable environment for foreign trade development, which is of great importance to the country's economy. For this reason, on the basis of domestic and international customs practice, it is necessary to briefly analyze certain provisions of the Customs Code relating to customs regulation.

The current Code states that Azerbaijan is implementing a common customs law, an integral component of the Republic of Azerbaijan's international policy, and sums up its main goals. Furthermore, the Republic of Azerbaijan's customs policy is first and foremost an integral part of the Republic of Azerbaijan's external and then internal policies and is a state-applied system of measures to protect the national economy and develop foreign economic relations. According to the creator, Azerbaijan's customs strategy should include the tariff and non-tariff regulatory measures.

The new rules need to be supplemented by general provisions governing the right to import and export goods. In particular, the Cabinet of Ministers of the Republic of Azerbaijan should be responsible for defining the list of goods whose import (export) is prohibited or restricted. It is therefore important to develop a standard to export or destroy goods that are prohibited or restricted for import.. In the Customs Code of the Republic of Azerbaijan, customs duties include licensing fees: 1) - on the establishment of a customs warehouse; 2)- on the establishment of a duty free shop; 3)- for processing of goods in the customs territory; 4) - on the establishment of a free warehouse and temporary storage

warehouse; 5) - for processing of goods outside the customs territory; 6) - to act as a customs broker;

#### **4.3 Beneficial side of the cooperation for countries**

Customs and tax authorities are responsive to regional and global changes in terms of trade. While customs play an important role in formulating and developing tariff and trade policies that seem to be suitable.

The role of customs authorities in protecting our borders from the threats of international terrorism, providing an international supply chain, helping to stop the growing illegal trade in fraudulent goods, the threat of drug trafficking and the money laundering associated with it has increased substantially.

Currently, customs administrations are in a peculiar position to maintain an adequate compromise between promoting trade, on the one hand, and trying to control the public interest, from the other.

The primary mission among all three services is to protect the country's territory against epidemiological infections such as avian and swine flu, brucellosis, foot and mouth disease, anthrax, cholera, salmonellosis and other diseases.

Representatives of all these regulatory authorities carry out their activities in major industrial facilities engaged in export-import operations directly at customs posts near the security checks across the state border or within the country's customs region. The customs authorities ' main task is to prohibit the importation of low-quality or hazardous products for the life and health of citizens. Issues concerning the safety of imported food products of plant and animal origin are addressed in the course of joint work. Customs authorities ' important activity remains control over the safety of goods imported into the country's territory, which could adversely affect state security, citizens ' life and health, and the environment. Goods safety is an integral part of the country's national security.

There will be sufficient opportunities for customs authorities (or exploratory bodies) and tax authorities to work together to find solutions to problems such as cross-border tax evasion, aggressive tax reduction, terrorist financing, narcotics trafficking, illegal tax action and customs fraud.

Legal customs relations are governed by the norms of various branches of constitutional law, in the dominant part by the norms of international law-administrative, civil, criminal, labor and several others, and in some part. Customs legislation is always linked to the procedure and conditions for moving goods or vehicles across the customs border. It is the presence of this unifying characteristic that suggests an independent type of social relations-customs relationships. And the complexity of these relationships requires us to evaluate as a branch the sophistication of customs law. The regulations of the customs-meaning of customs laws, rules and regulations controlled, implemented and supported by the Customs Administration linked to the carriage of goods and different types of materials- the import and export of goods, in other words, the transportation of goods linked to customs duties, different types of taxes and other charges and prohibitions, limits, embargos and other alike control systems.

Customs officials pay particular attention to the proper execution of permits and their authenticity and authenticity. Food products entering the country's territory are not permitted to be imported without laboratory test protocols and expert opinions on health and epidemiological standards compliance. Customs officers conduct food inspection in accordance with their competence after checking the documents. If food products cause reasonable safety and quality doubts, their import will be suspended temporarily. Customs officers take all necessary measures to prevent these products from being illegally imported.

Protecting consumers ' rights and legitimate interests is one of state policy's main tasks. Customs control is its most important component as a type of state control.

To protect customers from imported food products of poor quality, customs authorities take comprehensive control measures on people engaged in customs activities.

Administrations develop specific work plans to implement the Agreement's specific judgment. The Parties share law new features, financial crime, particularly tax crime, is becoming increasingly complex and often transcends international boundaries. Tax fraud, such as tax evasion, money clearing, illegal financial flows, terrorist action financing as well as other financial crimes that have a negative impact on the state, are increasingly trying to undermine a country's political-related government or public relations, economic-related economics or economy, and country's social and public interests. There are still major problems in minimizing regulatory burdens on companies that promote trade development with the expanding volume of trade and promote global trade growth. Effective measures can be taken by legislative and regulatory methods requiring greater cooperation between each government and the administrations of various countries. Synchronized boundary management can also provide benefits, as it also addresses other unlawful issues in areas such as safety, wellbeing, the environment, intellectual property rights, and various illegal exports of different strategic and dual-use products, as well as the distributed of arms.

## **5. CONCLUSION AND IMPLICATIONS**

### **5.1. Conclusion**

The paper proves that being a part of tax administration, tax administration affects the interests of all participants in tax relations. It should be aimed not only at generating income of the country's budget system, but also at creating the most comfortable conditions for individuals and legal entities to fulfill their tax obligations, which is intended to help strengthen tax discipline of taxpayers and increase the share of taxes paid voluntarily to the budget. This allows you to talk about tax administration, as effective.

In this regard, it is proposed to understand effective tax administration as a set of organizational actions of authorized state bodies for managing tax relations in the context of a service-oriented tax environment, ensuring not only meeting the state's needs for a sustainable and sufficient filling of the budget system with tax revenues, but also the development of partnership cooperation with customs administrations, the maximum simplification for them of tax execution procedures obligations.

The concept of "customs administration" in the framework of various branches of science and law is viewed from different angles: as a tool for the formation and implementation of customs policy, and as a mechanism for customs regulation, and as a management system in the field of customs, and as an element of customs service management, an internal factor development of the customs system.

Consideration of the experience of a number of common law states In the field of tax and customs regulation, Azerbaijan, Turkey and Russian is of considerable interest to the domestic science of tax and customs law, since the principle underlying tax and customs regulation in the considered countries seems

reasonable, according to which the tax system should ensure stability and predictability of tax and customs rules.

It is noted that as main part of the concept “customs administration” and “customs regulation”. Customs regulation is the legal regulation of relations related to the movement of goods across the customs border, their transportation through a single customs territory under customs control, temporary storage, customs declaration, release and use in accordance with customs procedures, customs control, and payment of customs payments, and also power relations between the customs authorities and persons exercising the rights of possession, use and disposal of the specified goods.

Customs administration is a set of tools and methods to ensure the implementation of the functions of customs regulation and control. Based on the content of the control action, the methods of customs administration can be divided into: economic, administrative control and law enforcement.

The study allowed the author to conclude that it would be more logical to refer to customs payments not all payments collected by customs authorities, but those of them, which are directly related to the movement of goods across the customs border of Azerbaijan or contributes to such movement.

In this regard, the principle of regularity of revision of tax legislation and regulation of the customs and the peculiarities of its application abroad deserve special attention. The question of the need for regular review of the legal basis of tax and customs regulation was repeatedly raised in the foreign and domestic science of tax and customs law. At the same time, the value recognized by this principle varies from its recognition and inclusion in the basic principles of an effective tax and customs system to the declaration of the principle of stability and the need to ensure the immutability of tax and customs rules.



Moreover, if the content of profitability (economic efficiency) in relation to tax administration by scientists is to some extent developed, then the essence of the concepts “quality” and “effectiveness” of tax administration is little studied.

At the same time, all criteria of effective tax administration that we have designated are interrelated with each other, and only their continuous increase can indicate its development.

The thesis substantiates the concept of effective tax and customs administration, allowing to ensure its formation and development in various countries.

The paper proves that the criteria for effective tax and customs administration are its efficiency, effectiveness and quality.

The study found that each function has its own specifics and methods of implementation, designed to ensure together work of both administrations in the various country.

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